November 20, 2026

Sent electronically via: boardcomments@federalreserve.gov
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The Honorable Kevin Warsh, Chair
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551-0001

Benjamin W. McDonough, Secretary of the Board
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551-0001

Keith Dudley, Vice President
Federal Reserve Bank of San Francisco
101 Market Street
San Francisco, California 94105-1579

Re: Application of *Chime Financial, Inc., San Francisco, California;* to become a bank holding company by acquiring Central Service Corporation, and thereby indirectly acquiring Stride Bank.

Dear Mr. Warsh, Mr. McDonough and Mr. Dudley:

The Center for Responsible Lending[1] (CRL) and the Consumer Federation of America[2] (CFA) write to raise serious concerns regarding the application of Chime Financial, Inc. to become a bank holding

[1]The Center for Responsible Lending (CRL) is a non-partisan, nonprofit research and policy advocacy organization working to promote financial fairness and economic opportunity for all, end predatory lending, and close the racial wealth gap. CRL's expertise gives it trusted insight to evaluate the impact of financial products and policies on the wealth and economic stability of families, including people of color, women, rural, military, low-wage, low-wealth, and early-career workers and communities. CRL is an affiliate of Self-Help, one of the nation's largest nonprofit community development financial institutions. We work in partnership with national and local consumer, faith, and civil rights organizations.

[2] The Consumer Federation of America is an association of non-profit consumer organizations that was established in 1968 to advance the consumer interest through research, advocacy, and education. Today, nearly 200 of these groups participate in the federation and govern it through their representatives on the organization's Board of Directors. CFA applies its mission through research, advocacy, and education.

company and indirectly acquire Stride Bank. We share concerns raised by the National Consumer Law Center (NCLC) in their comments on this application.

Our objections arise specifically under the Federal Reserve's review authority under the Bank Holding Company Act (BHCA).[3] This review encompasses a consolidated assessment of the holding company's managerial competence, its overall financial condition, and — critically — the convenience and needs of the communities the resulting institution will serve.

Federal regulators should only extend banking privileges like deposit insurance, bank holding companies, and national bank charters to fintechs that operate in full compliance with the standards set forth by law. These privileges must only go to institutions that have a business model of providing affordable, sustainable products and services that meet the needs of the community. Regulators should thoroughly consider which applicants are truly offering a broad suite of banking services that meet consumer needs versus those who are primarily seeking to move problematic credit products into the national bank system to avoid compliance with state consumer protections for those products.

In this regard, Chime's application differs from others than have been submitted in recent months in that Chime does offer a fairly robust suite of products to serve consumers, including its no-fee checking account, a high-yield savings account, and a credit builder secured credit card. It thus does not appear to be seeking a banking charter simply to allow it to offer a high-cost credit product in states where state usury laws stand as an obstacle.

With that said, in the case of Chime, our concerns are related primarily to whether certain of its products serve the needs and convenience of communities as well as regarding some practices that raise question regarding Chime's record of compliance with consumer protection laws. Specifically:

- **Payday Loan App Expedite Fees.** Chime offers a costly payday loan app product called MyPay.[4] Such products can result in well-documented harms that detrimentally affect borrowers' financial health, such as repeated reborrowing resulting in a cycle of debt, increased overdraft fees, loan stacking/usage of multiple, simultaneous usage payday loan apps, and high and increasing costs over time to use the product.[5] Payday loan apps have

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[3] Bank Holding Company Act of 1956, 12 U.S.C. §§ 1841–1852, https://uscode.house.gov/view.xhtml?edition=2023&num=0&req=granuleid%3AUSC-2023-title12-section1841.

[4] Such products are also known as Earned Wage Access or Earned Wage Advance.

[5] Center for Responsible Lending. (2026, October 2). *The cost of payday loan apps in your state*. https://www.responsiblelending.org/research-publication/cost-payday-loan-apps-your-state, Center for Responsible Lending. (2026, March 17). *Payday loan apps: A very expensive form of credit*.

been shown to have extraordinary levels of reborrowing that make their use unsustainable. The Interagency Guidance for Responsible Small-Dollar Loans sets out standards that include warnings about frequent reborrowing.[6] Chime's program should be examined carefully to determine how they will ensure that MyPay or a similar product complies with these standards.

- **Overdraft Tipping.** SpotMe is styled as "fee-free" overdraft, but deploys a tipping model which has demonstrated susceptibility of being manipulative.[7] Any tipping should be closely constrained so that it does not veer in that direction and should be limited to courtesy (non-net revenue) products or services.
- **Enforcement History and Misleading Practices.** Chime has a history of state and federal enforcement and has made misleading statements about its products.
- **Unauthorized Use Complaints.** Relative to its size, a high number of account holders have filed complaints about Chime's responses to their requests for investigations of unauthorized fund transfers. Some of its practices should be examined to determine whether they are in violation of state or federal law.

We submit this comment to request that these areas be further investigated before any decision on approval is made.

I. Standard of Review

Chime Financial is seeking to become a bank holding company and acquire Stride Bank pursuant to the Bank Holding Company Act of 1956 (BHC Act), [8] Regulation Y,[9] and to engage in nonbanking activity.

Under Section 3(c)(2) of the BHCA, the Federal Reserve must "take into consideration the financial and managerial resources and future prospects of the company or companies and the banks concerned, and the convenience and needs of the community to be served."[10]

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https://www.responsiblelending.org/research-publication/payday-loan-apps-very-expensive-form-credit, Center for Responsible Lending. (2025, October 15). *Nickel and dimed: How payday loan apps drain workers' pay and how to stop them*. https://www.responsiblelending.org/research-publication/nickel-and-dimed-how-payday-loan-apps-drain-workers-pay-and-how-stop-them

[6] Bd. of Governors of the Fed. Reserve Sys., Fed. Deposit Ins. Corp., Nat'l Credit Union Admin., Off. of the Comptroller of the Currency, Interagency Lending Principles for Offering Responsible Small-Dollar Loans Principles for Offering Responsible Small-Dollar Loans (2020), https://www.fdic.gov/news/press-releases/2020/pr20061a.pdf.

[7] See, National Consumer Law Center. (2024, April 1). *Overdraft lending at very large financial institutions: Comments to the Consumer Financial Protection Bureau regarding 12 CFR 1005 and 12 CFR 1026*. https://www.nclc.org/wp-content/uploads/2024/04/20240401_Comments_Overdraft-Lending-at-Very-Large-Financial-Institutions-1.pdf nclc.org

[8] Bank Holding Company Act of 1956, 12 U.S.C. §§ 1841 et seq. (1956).

[9] 12 C.F.R. Part 225 (Regulation Y).

[10] Bank Holding Company Act of 1956 § 3(c)(2), 12 U.S.C. § 1842(c)(2).

In particular, section 225.4(a)(1) of Regulation Y provides that—

> A bank holding company shall serve as a source of financial and managerial strength to its subsidiary banks and shall not conduct its operations in an unsafe or unsound manner.[11]

II. The Federal Reserve Should Examine Several Issues Related to Chime.

1) Chime's MyPay Service Exposes its Account Holders to the Risk of Falling into Expensive Debt Traps.

Chime correctly acknowledges that MyPay is a credit product. Additionally, it does not solicit tips on that product, provides a no-cost option with delivery within 24 hours, and charges a fee for immediate delivery that is lower than some of its competitors. However, its fee still produces a high APR—for example, 110% for a $100 advance repaid in ten days—and, moreover, is fundamentally risky**.**

Despite the existence of the no-cost option, experience with similar products indicates that the overwhelming majority of consumers seeking an immediate cash advance seek immediate access and thus pay the expedited delivery fee—in Chime's case 3% of the loan with a $2 minimum and $5 maximum. Experience likewise shows that a very large share of borrowers end up borrowing again and again, as the hole in their paycheck when they repay the first loan necessitates reborrowing. Thus, what may appear to consumers at first blush to be a a cheap way to obtain immediate liquidity ends up leading them into a costly cycle of prolonged indebtedness.

MyPay's expedited delivery fee is especially problematic because Chime is charging a fee to deliver money into Chime accounts so it does not need to leverage other payment rails. If such fees do not actually represent the additional cost of providing the funds quicker, the fee is unfair and deceptive; it is just a hidden interest charge.

My Pay may also raise safety and soundness issues. Chime's financial statements show that MyPay produces a substantial amount of its revenues, which are increasing over time. As of Q3 2026, Chime reports $5B in originations, MyPay profits of $80M, with a 2x increase year-over-year, and 1% losses, when limits were increased to $1,000.[12] Reliance on a high reborrowing product for a substantial amount of its revenue subjects a company to risk if the product's sustainability, or even its temporary disruption, is threatened. Federal regulators and Congress, for example, have explored substantial restrictions on this high reborrowing model.

2) SpotMe's Overdraft Tipping Model

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[11] 12 C.F.R. § 225.4(a)(1) (Regulation Y), https://www.federalreserve.gov/frrs/regulations/regulation-y-bank-holding-companies-and-change-in-bank-control.htm

[12] Chime Financial, Inc. (2026, November 4). *Chime earnings presentation—Q3'26*. https://chime.gcs-web.com/static-files/ecbda922-b6dc-4373-ae6f-39e25f373d1e

Chime, like a number of other non-bank transaction account entities, offers banking services and does not charge overdraft or NSF fees. Chime advertises that a consumer can access "fee-free banking,"[13] disguising that it charges fees or solicits "tips" in exchange for allowing their Chime bank account to go negative. Chime currently partners with Delaware-based Bancorp to offer SpotMe, which allows consumers to "overdraft" their account and draw from a line of credit.[14]

There is no mention of payment of such "tips" anywhere on the home page. The SpotMe page uses altruistic behavioral cues to urge people to pay a "tip" for the overdraft:

> After Chime covers an overdraft and you've paid back the negative balance, you might be asked if you'd like to leave a tip. Tipping helps support the SpotMe program and allows us to keep it going for more members, but tipping is completely optional.
>
> Tipping or not tipping has no impact on your eligibility for SpotMe.[15]

Statements meant to encourage borrowers to tip on the specious claim that it will support other members should be regarded as suspect.

3) Consumer complaints show incidences of Chime denying requests from account holders to investigate unauthorized transactions.

a. *Despite its size, Chime is one of the financial institutions most often identified for not investigating consumer complaints about unauthorized transactions.*

In complaints filed with the CFPB over the last three years, more than 1,000 Chime account holders assert that Chime denied their fraud claim without conducting an adequate investigation. Most striking, though, is the volume of such complaints made by Chime cardholders compared to consumers from much larger financial institutions.

The table below shows results drawn from consumer complaints filed by consumers from January 1, 2024 to November 12, 2026. It covers all financial institutions. It counts the number of complaints filed for two reasons: a problem with a company's investigation into an existing problem and a problem with a purchase shown on a customer statement.

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[13] Chime Fee-Free Banking - Checking, Savings, Credit & Cash Back

[14] Bancorp Chime SpotMe Overdraft Line of Credit for Secured Deposit Account Agreement -Chime, SpotMe — Fee-Free Overdraft Coverage Up to $200 with Chime

[15] What are SpotMe® tips? | Chime Help Center

Rank	Financial Institution	Investigation into an existing problem	Purchase shown on your statement	Total	Description
1	Citibank	520	9557	10077	Money center bank
2	Capital One	832	7680	8512	Credit card issuer
3	JPMorgan Chase	360	5765	6125	Money center
4	Bank of America	514	5,292	5806	Money center bank
5	Synchrony	318	4781	5099	Credit card issuer
6	Goldman Sachs	191	4055	4246	Money center bank
7	American Express	273	3961	4234	Money center bank
8	Barclays	227	2243	3470	Money center bank
9	Wells Fargo	253	2922	3175	Money center bank
10	Discover	200	2159	2359	Credit card issuer
11	Bread Financial	291	1304	1595	Card program manager
12	Chime Financial	53	1232	1285	Fintech
13	U.S. Bancorp	78	1200	1278	Regional bank
14	Navy Federal	121	1122	1243	Large Credit Union
15	TD Bank US	192	925	1117	Regional bank
16	PayPal	8	780	788	P2P Payment App
17	Block	12	587	599	P2P Payment App
18	Affirm	25	440	465	BNPL lender
19	USAA	48	402	450	Large Bank
20	Robinhood	6	440	446	Fintech

Complaints filed from Jan. 1, 2024 to Nov. 12, 2026, for checking and savings accounts and credit cards. Issue: "problem with a company's investigation into an existing problem" or "problem with a purchase shown on your statement." Source: CFPB Consumer Complaint Database.

Chime ranks 12th among all financial institutions during this time period. However, it is one of the smallest companies among the top 20 institutions. Most institutions on this list have assets of more than $100 billion, and some have more than $1 trillion. By contrast, Chime's deposit account bank partner has less than $10 billion in assets. Bread Financial, while not a common name, manages programs for 135 credit card issuers. PayPal and Block operate two of the largest non-bank P2P funds transfer services in the country. The money center banks dwarf Chime by any measure. Chime's presence should raise concerns about how it addresses consumer complaints.

Consumers are frustrated by Chime's circumspect explanations for rejecting a transaction as unauthorized. Chime creates hurdles that make it harder for account holders to receive a resolution, and these policies may violate the Electronic Funds Transfer Act (EFTA).

b. *Chime fails to provide a meaningful explanation for why it has declined to remedy a consumer request.*

Complaints filed show that the company does not provide a reason when it denies a consumer's request. Providing additional information, including specific information on how to contact the seller, did not make a difference:

Complaints filed provide examples of these problems.

- Florida account holder: "I reported the unauthorized transaction to Chime immediately after discovering it and filed a dispute. After completing its investigation, Chime denied my claim, stating only that it determined " no error occurred. '' Chime did not provide a meaningful explanation of how it concluded the transaction was authorized or identify the evidence it relied upon." (2026) (Complaint 24177237)
- Illinois account holder: I filed a dispute with chime over a purchase that occurred on XX/XX/XXXXXXXX XXXX XXXX for the amount of {$58.00} from XXXX because items were never shipped or received. I provided chime the proof of purchase, communication with the seller, and my claim was denied. Chime informed me no error occurred even though the products purchased were never shipped or received. I reopened the claim and provided additional information only to get the same response that no error occurred. How can no error occur when products purchased were never shipped or received? Chime never contacted the seller to confirm rather the products were shipped or received. Complaint 23828756
- North Carolina account holder: "purchased items from merchant XXXX for {$61.00} XX/XX/year> reached out to merchant XXXX for an update on items, phone disconnected and there was no response to email XX/XX/year> reach out to Chime Bank (XXXX) to dispute due to paying for goods and did not receive from merchant and no way to contact them XXXX- Chime Bank denies claim but will not tell me if they contacted the merchant XX/XX/year> - re-filed dispute with Chime uploaded more proof XXXX requested update on claim with Chime, no info to give ..still being investigated XXXX- Chime denies {$61.00} dispute claim again. Chime is not reaching out to the merchant because they would see they cant contact them because the phone number and email address for the merchant is bogus. (2024) (Complaint 10687185)
- From an account holder in New York: "During the dispute process, I was instructed to contact the merchant. However, I never conducted business with this merchant, never authorized any transactions with them, and have no relationship with them whatsoever....After my original dispute was denied, I contacted Chime again and was instructed to file a police report and provide additional documentation. I followed those instructions immediately. I filed a police report and uploaded all supporting documentation available to me. My reopened dispute contains the same fraud claim along with additional evidence supporting my position that these transactions were unauthorized. I have done everything Chime has asked of me." (2026, complaint 23096853)

Regulation E prohibits financial institutions from requiring a consumer to file a police report or provide other documentation as a condition of initiating an error resolution investigation.[16]

In 2019, the Consumer Financial Protection Bureau issued a consent order against USAA for, among several violations along these lines, including failing to initiate investigations before the account holder contacted the company that had unfairly debited the consumer's account.[17]

c. *In some cases, Chime's response time is suspiciously fast, raising the possibility that it is auto-generating rejections.*

- New Jersey account holder: "I filed a dispute with Chime for " Services Not Provided. '' I provided extensive documentation, including screenshots of the service lockout, the ignored emails, and the merchant deleting my messages. Instead of investigating, Chime

[16] See Electronic Funds Transfers FAQs: Error Resolution. FAQ 4. " A financial institution must begin its investigation promptly upon receipt of an oral or written notice of error and may not delay initiating or completing an investigation pending receipt of information from the consumer." https://www.consumerfinance.gov/compliance/compliance-resources/deposit-accounts-resources/electronic-fund-transfers/electronic-fund-transfers-faqs/,National Consumer Law Center. (n.d.). *Form of notice*. In *Consumer banking and payments law*. https://library.nclc.org/book/consumer-banking-and-payments-law/7822-form-notice - *In re* Bank of Louisiana, 2016 WL 9050999, at *7 (F.D.I.C. Nov. 15, 2016) ("Nothing in Regulation E permits the rigorous documentation requirements imposed by the Bank"); Consumer Fin. Prot. Bureau, Electronic Fund Transfers FAQs, *available at* www.consumerfinance.gov (see question 4 in the "Error Resolution" section); Consumer Fin. Prot. Bureau, Supervisory Highlights(opens in new page) 7 (Summer 2022), *available at* https://files.consumerfinance.gov (deposit agreements that required consumers to cooperate, including providing affidavits and notifying law enforcement authorities, violated Regulation E; "By requiring consumers to 'cooperate' with Regulation E error investigations and provide information beyond that which is required in EFTA and Regulation E, the financial institutions' agreements contained provisions that waived consumers' rights in violation of EFTA."); Scott Sonbuchner, Examiner, Fed. Reserve Bank of Minneapolis, Consumer Compliance Outlook, Error Resolution and Liability Limitations Under Regulations E and Z; Regulatory Requirements, Common Violations, and Sound Practices(opens in new page) (2d issue 2021), *available at* www.consumercomplianceoutlook.org (institution may not require that "consumers provide information not specified in the regulation. Common examples of requests the regulation does not require in a consumer's error notice, and therefore may not be used as a condition to begin the investigation, include asking a consumer to visit a branch to complete an error notice, requesting that the consumer first try to resolve the dispute with the merchant, or requiring a notarized affidavit or the filing of a police report."); Consumer Fin. Prot. Bureau, Supervisory Highlights(opens in new page) 10 (Fall 2014), *available at* https://files.consumerfinance.gov (Regulation E requires "sufficient information to identify the consumer's name and account number and why the consumer believes an error exists, including, to the extent possible, the type, date, and amount of the error. A financial institution cannot deny an error claim on the basis of a consumer failing to provide additional information, or require the consumer to contact the merchant involved first.").

[17] See Administrative Proceeding and Consent Order in the Matter of USAA Federal Savings Bank. File 2019-BCFP-0001. Filed January 3, 2019. https://files.consumerfinance.gov/f/documents/bcfp_usaa-federal-savings-bank_consent-order.pdf

used an automated system to instantly deny my claim. For my most recent reinvestigation attempt (Claim XXXX XXXXXXXX), I uploaded XXXX pieces of photographic evidence on Saturday, XX/XX/year>. My claim was automatically denied the very next day, Sunday, XX/XX/year>. It is factually impossible that Chime manually reviewed my evidence, coordinated with the merchant, and reached a conclusion over a Sunday during a federal holiday weekend. Chime is weaponizing automated bot denials to artificially close disputes and avoid taking financial responsibility for legitimate service failures. (2026) (Complaint 23970860)

- "My initial claim (Dispute # XXXX) was filed on Saturday, XX/XX/XXXX, and was auto-denied the very next day on Sunday, XX/XX/XXXX, in less than 24 hours. When I requested an explanation for the denial, Chime sent a completely generic form letter stating simply : " Based on our review, we didn't find an error...On Wednesday, XX/XX/XXXX, I requested a dispute rebuttal to submit this new evidence. However, Chime 's automated system auto-denied my rebuttal overnight on Thursday, XXXX XXXXin less than 24 hours before I was even provided a link or technical opportunity to upload my official police report. (2026) (complaint 24122595)
- "I reported fraud on my accout yesterday of XXXX dollars and my claim was denied by today already before I could get a police report in to them it is all the money my family had and to move into our new house I need this credited immediately." (2026) (complaint 23759332)
- From an Indiana account older: "Chime denied my dispute within less than XXXX hours and stated no error occurred. I do not believe a reasonable investigation was completed." (2026, complaint 22644767)

d. Concerns over speed are compounded by complaints where consumers describe a failure by Chime to engage with the documentation submitted to support the claim of unauthorized transfers.

Chime reportedly asks account holders who file disputes to obtain a police report. This is an onerous step. Across the country, police departments are strained and overloaded. Chime's policies only exacerbate the demands on law enforcement. Moreover, this process step slows down)investigations and increases the burdens on consumer victims. Even worse, complaints show that submitting a police report does not alter Chime's response. More than 700 complaints filed from 2024 to July 2026 reference a police report.

- From an account holder in Michigan: "unauthorized transactions totaling {$8400.00} were withdrawn from my Chime account without my permission. When I noticed the fraudulent charges, I immediately contacted Chime, and they instructed me to file a police report, assuring me that once I submitted it, the stolen funds would be returned. I followed all instructions and provided the police report, but Chime denied my claim without explanation. When I contacted them again, they could not tell me why the claim was denied and simply told me to restart the process with new information." (2026, complaint 21185434)

- From an account holder in Kansas: “Chime 's only response has been to demand a police report. However, my local police department lacks jurisdiction over a crime committed 4.5 hours away, and the precinct where the crime occurred requires an in-person filing. Chime is using this logistical barrier as a loophole to evade their legal obligations.” (2026, complaint 24159943)
- From an account older in Kentucky (submitted in all caps): “SUBMITTED AT MINIMUM (6) DISPUTE REQUESTS INCLUDING BUT NOT LIMITED TOO POLICE REPORT AND OTHER INFORMATION REQUESTED FOR FRAUDULENT TRANSFER OF {$1400.00} TO ANOTHER CHIME ACCOUNT. COMPANY CONTINUES TO DENY DISPUTE. POLICE REPORT SUBMITTED XXXX XXXX XXXX XXXXXXXX, KY XXXX POLICE REPORT # XXXX XXXX. ALSO SUBMITTED EMAILS FROM CHIEF, ETC OF POLICE STATION. (POLICE HAVE SURVEILLANCE OF INCIDENT. COMPANY STILL REFUSES TO REFUND THE DISPUTE. THERE IS ALSO A WARRANT OUT FOR INDIVIDUALS ARREST. INSTITUTION STILL REFUSES TO REFUND DISPUTE - POLICE INFORMED ME THIS IS A FELONY. HAVE HAD TO RE-OPEN DISPUTE MULTIPLE TIMES - NO AVAIL. PLEASE HELP.” (2024, complaint 11269517)
- New Jersey account holder: “My initial claim (Dispute # XXXX) was filed on Saturday, XX/XX/XXXX, and was auto-denied the very next day on Sunday, XX/XX/XXXX, in less than 24 hours On Wednesday, XX/XX/XXXX, I requested a dispute rebuttal to submit this new evidence. However, Chime 's automated system auto-denied my rebuttal overnight on Thursday, XXXX XXXXin less than 24 hours before I was even provided a link or technical opportunity to upload my official police report...Chime is relying on automated system rejections to deliberately avoid reviewing law enforcement documentation.'' (2025, Complaint 24122595)

These complaints specifically say that Chime asked the person to file a police report. However, a much larger share of the complaints mention police reports. In those cases, the respondent says they filed a report, but does not clarify if the report was submitted voluntarily, or if it was a response to Chime’s request. Nonetheless, submitting a police report reflects a significant effort. As a rule, financial companies initiate an investigation as soon as an initial contact is made, without asking for more than the account holder’s description of the event.

As discussed earlier, Regulation E prohibits financial institutions from requiring a consumer to file a police report or provide other documentation as a condition of initiating an error resolution investigation.[18]

e. The issue affects servicemembers.

[18] See Electronic Funds Transfers FAQs: Error Resolution. FAQ 4. “ A financial institution must begin its investigation promptly upon receipt of an oral or written notice of error and may not delay initiating or completing an investigation pending receipt of information from the consumer.” https://www.consumerfinance.gov/compliance/compliance-resources/deposit-accounts-resources/electronic-fund-transfers/electronic-fund-transfers-faqs/

Servicemembers are entitled to financial protection. When their accounts are compromised and unauthorized charges occur, Chime should remedy the problem. From 2024 to 2026, service members filed 97 complaints after Chime denied a fraud claim without providing an adequate investigation.[19]

- From a service member in Indiana: "I reported an unauthorized transaction on my account ending in XXXX for {$1100.00}. Chime completed an investigation and determined no billing error occurred, despite this being a fraudulent transaction. I have been a victim of hacking, including unauthorized access to my work and personal accounts. I have reported this to the police and have documentation showing that I did not authorize this transaction. Chime is attempting to include this disputed amount in my next payment due XXXX, which is unfair and places me at financial risk. (2024, complaint 20500983)
- From a service member in New Jersey: "I received a fraud alert from XXXX totalling XXXX so I said it was not me it was blocked so I decided to check my account and then there was a debit for XXXX in XXXX nj I disputed this transaction fave them my timeliness of my location showing I was not there and made a police report and was denied I appealed the police report is not even completed I gave them the police report number seeing if they would look into to further but no appeal denied." (2026, complaint 21152035)

f. Chime closes accounts against the wishes of account holders.

Some complaints describe Chime's response to a dispute as closing the account. Such a practice can be sensible when there is a reasonable suspicion of money laundering or other illicit activity. Nonetheless, wrongdoers are unlikely to file complaints, as they would have to submit personally identifiable information to do so. The people who do file complaints are typically genuine victims. The harm they have suffered is only further compounded when they cannot access their funds.

Complaints about unauthorized charges led to involuntary account closures.

- Michigan account holder: "I notified Chime of an unauthorized charge from XXXX on XX/XX/XXXX. My claim was denied less than XXXX hours later on XX/XX/XXXX. I never authorized this purchase. I have my own XXXX account, and this transaction does not appear in my XXXX purchase history. My last legitimate XXXX purchase was in XXXX. I did not receive any text message, email, or other request from Chime to authorize this transaction. When I contacted Chime to ask for the reason for such a rapid denial, I was told it would take XXXX business days to receive the explanation. Before any explanation was provided, I received an email stating that my account would be permanently closed. The account

[19] *Count of complaints where Issue is "problem with a company's investigation into an existing problem" or problem with a purchase shown on your statement."* For credit cards, checking and savings accounts. 2024 to Nov. 2026.

closure occurred immediately after I questioned the denial and prevented me from reopening or appealing the unauthorized transaction claim." (2026) (complaint 18897698)

Consumers experienced harms when their accounts were closed. Some report that they could not pay bills because their funds were trapped.

In spite of that, Chime has continued to close accounts aggressively.

g. *These are longstanding issues that have been the subject of enforcement actions in the past. It is disturbing that the number of complaints of this nature have surged in 2026.*

Unfortunately, complaints like this are part of a pattern that has existed for years.

In 2024, the California Department of Financial Protection and Innovation entered into a consent order with Chime for these same policies. In its public announcement, the agency said: "DFPI, through its investigation, determined that Chime violated consumer protections provided by the California Consumer Financial Protection Law by engaging in unfair acts concerning its handling of customer complaints."[20]

In 2024, the Consumer Financial Protection Bureau issued an enforcement action against Chime, finding that the company waited weeks or sometimes months to return funds held in closed accounts. The CFPB ordered Chime to provide $1.3 million in redress to consumers and pay an additional $3.25 million fine. The CFPB found that even though Chime promised to return funds within 14 days, it took more than 90 days in "thousands of instances." [21]

4) Chime has made misleading statements about the value of its products.

a. *Chime has misleading claims about its status as an insured depository.*

Chime has attempted to blur the distinction between its status as a fintech with a bank partner and the nature of a fully insured bank. For years, the company used the URL "chimebank.com" and has consistently referred to itself as a "bank" or its products as "banking" services. In 2021, the California DFPI issued a cease-and-desist order against Chime, stating that it falsely portrayed itself as a bank and that this obfuscation violated the state's banking laws.[22] Most fintechs are

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[20] California Department of Financial Protection and Innovation. (2024, February 27). *DFPI Orders Chime Financial to Pay $2.5 Million, Improve Customer Service Standards Due to Unfair Complaint Handling*. https://dfpi.ca.gov/press_release/dfpi-orders-chime-financial-to-pay-2-5-million-improve-customer-service-standards-due-to-unfair-complaint-handling/

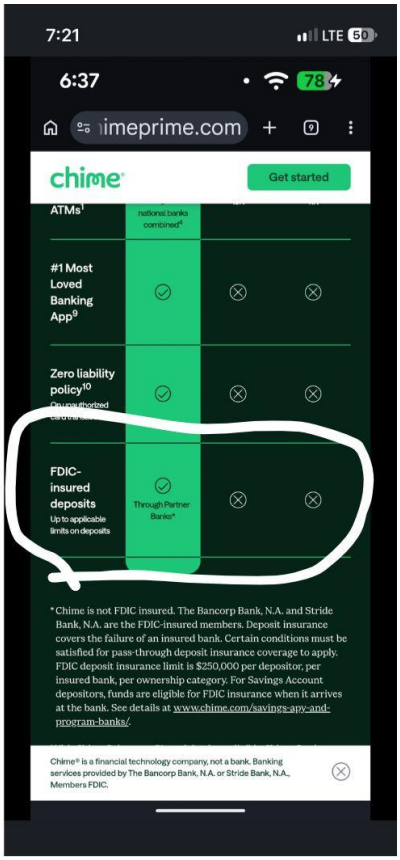
[21] Consumer Financial Protection Bureau. (2024, May 7). *CFPB Takes Action Against Chime Financial for Illegally Delaying Consumer Refunds*. https://www.consumerfinance.gov/archive/newsroom/cfpb-takes-action-against-chime-financial-for-illegally-delaying-consumer-refunds/

[22] *The Commission of Financial Protection and Innovation v. Chime Financial*. (2021, March 29). [Settlement Agreement]. https://dfpi.ca.gov/wp-content/uploads/sites/337/2021/04/Admin.-Action-Chime-Financial-Inc.-Settlement-Agreement.pdf?_sp=14d71cad-caaa-4cde-a557-fb105ee558d2.1794934006654

careful not to use this term. For example, many fintechs refer to their products as an account (Wealthfront Cash Account, Cash App Account, Albert Cash).

In 2026, Chime published a chart comparing its product to bank accounts issued by Wells Fargo and Bank of America. The display noted that Chime offered FDIC-insured deposits "through partner banks," and that it had a "zero liability policy on unauthorized card transactions." These are true claims. The confusing part involves how it described competitor national banks. For those institutions, there were "X" marks in the corresponding spaces.[23]





The inference is that those banks do not have deposit insurance or offer liability protection on unauthorized card transactions. This was an inaccurate comparison.

b. Chime overstates about the efficacy of its credit builder product.

Chime overstates the impact of its products on consumer financial health.

[23] Arcady Lapiro. (2026, May 26). The beauty of fintech marketing. *LinkedIn*. https://www.linkedin.com/posts/arcadylapiro_the-beauty-of-fintech-marketing-so-ugcPost-7465172538730532864-jkE4/

In the description of its credit-building product, Chime states that "members see an increase of up to 70 points with on-time payments."[24] The statement does not indicate how long it takes to accomplish this change or offer more detail on the range of outcomes. In the fine print at the bottom of the page, Chime's disclosures clarify that "the top 10% of members who made their first purchase with Credit Builder, an earlier version of Chime Card, between April and August 2024, observed a FICO® Score 8 increase of 71 points after approximately 8 months." It notes that the average improvement for all cardholders in that sample was 28 points. It is unclear what improvements occurred for account holders who did not use the card for the full 8 months.

Consumers are very unlikely to read the 5-point font where Chime acknowledges that its number reflects only a small share of credit builder users. Moreover, most consumers access Chime through the Chime app. As a result, those consumers' ability to understand the study's true findings is undoubtedly lower.

Similarly, users may find they do not get the benefit of the bargain as expected with cash back rewards:

> To earn cash back at any level, you must select a Spend Category each calendar month; your selected Spend Category resets on the first day of each calendar month and does not roll over to the following month. Failure to select a Spend Category for each calendar month will result in no cash back rewards for purchases made before you select a Spend Category for that calendar month.[25]

III. A Public Hearing Would Be in the Public Interest

Pursuant to 12 CFR 262.3(e) and 262.25(d) the Board may, in its discretion, hold a public hearing on an application to acquire a bank if necessary or appropriate to clarify factual issues related to the application and to provide an opportunity for testimony.

A public hearing would be useful to develop a deeper understanding of Chime's business than is apparent from its public application and reporting. Among the questions that should be explored are:

- For MyPay: How many loans are taken out per week or month by users? What is the fee burden for frequent users? What is the proportion of frequent users? How many borrowers are taking out new MyPay loans shortly after their payday, which are depleted by the outstanding loans? How does Chime intend to control the frequent borrowing that is common with such products to comply with Interagency Guidance for Responsible Small-Dollar Loans? How does Chime track and address the problem of "loan stacking" – where multiple lenders are advancing against the same wages? What

[24] Chime Card. (n.d.). *Build Credit & Grow Your Score with Chime Card*. Retrieved November 17, 2026, from https://www.chime.com/credit/credit-builder/

[25] Secured Chime Visa® Credit Card – Cash Rewards Program Addendum - Chime

percent of users pay the expedite fee? How much are users paying in expedite fees? How does the "expedite fee" compare with the actual cost of providing the advance immediately as opposed to in 24 hours?

- For consumer complaints: What are the policies and procedures implemented for unauthorized charges? What are the policies and procedures implemented for account closures? What changes has Chime made related to enforcement in these areas? How many customers lose all rewards due to the affirmative opt-in practice for credit cards?

IV. Conclusion

CRL and CFA appreciate the opportunity to comment on this important matter. We have set forth several matters that should be investigated and resolved before this application is approved. It is vitally important that banking privileges be preserved for organizations that clearly and consistently fulfill statutory requirements.