



April 10, 2026

Honorable Chairman French Hill and Representative John Rose  
House Financial Services Committee  
2129 Rayburn House Office Building  
Washington, DC 20515

Question for the Record  
Subcommittee on Financial Institutions Hearing:  
Fighting Fraud on the Front Lines: Challenges and Opportunities for Financial Institutions.”

We’ve heard far too many heartbreaking stories in Tennessee of seniors caught up in romance scams, emptying their accounts at the insistence of a scammer and never seeing that money again. It seems clear the status quo isn’t protecting them. Could a voluntary “senior fraud-protection account”—where older customers choose to put extra guardrails on their accounts, like tighter withdrawal limits and short delays on large or out-of-pattern transactions—be one practical way banks could help stop these scams before a victim’s entire savings is wiped out?

**RE: Senior Fraud-Protection Accounts (SFPA)**

Chairman Hill and Representative Rose:

Thank you for the opportunity to answer this question.

Seniors are among the populations most likely to be victimized by a scam. Impersonation scams perpetrated on seniors increased fourfold between 2020 and 2024.<sup>1</sup> In 2023, half of the complaints the

---

<sup>1</sup> FTC Data Show a More Than Four-Fold Increase in Reports of Impersonation Scammers Stealing Tens and Even Hundreds of Thousands from Older Adults. (2025). [Data Spotlight]. Federal Trade Commission. <https://www.ftc.gov/news->

Federal Trade Commission (FTC) received from seniors concerned fraud, with over 1 million related to identity theft and losses totaling almost \$2 billion.<sup>2</sup> The numbers today are certainly far greater, as scams are a crisis whose proportions are increasing rapidly, and because only a small share of scams are reported.<sup>3</sup> The impact of scams is not just financial. Criminals steal dignity and personal security as well. The FTC found that victims of romance scams lost \$4,400, on average, in 2022.<sup>4</sup> Tennesseans reported losing \$205 million to scams in 2025, including \$30.8 million, \$14.6 million, and \$14.4 million from romance, business impostor, and government impostor scams.<sup>5</sup> These numbers show the urgency of the problem and underscore why legislators must seek workable solutions to address these trends.

Certainly, proposals to create a new tool that would protect seniors deserve exploration. However, it is hard to support or criticize the idea of SFPAs without having more details on how they would be offered. In this response, I will explore how SFPAs could complement other scam prevention programs, compare the SFPA to an existing policy solution, reference existing Tennessee law, and outline consumer protection priorities.

### *Benefits of the SFPA as a concept*

The proposed SFPA would flag unusual transactions and then put holds on them. An SFPA would impact the sending FI, as opposed to regulations (Regulation CC) that govern when a receiving FI can credit an account and make the funds available for withdrawal.

Receiving FIs must – and can – do more to stop scam transfers. Receiving FIs have a special line of sight into account activity. For example, it is easy for an FI to notice when an account that has heretofore received bi-monthly direct deposit of wages, with monthly expenditures of \$2,000 by debit card and a rent payment by check, is suddenly moving tens of thousands of dollars per week via a faster payments service. All FIs should be reviewing recipient accounts to identify unusual fund flows.

An SFPA would provide an additional tool for FIs to prevent scams on transfers originated from their side. Ideally, senders will have a personal relationship with their account holders. Seniors are more likely to use branches than other demographic groups. Banks are well-positioned to proactively educate customers and discourage high-risk transfers, especially in person. In theory, an SFPA could be another way to prevent scams before they are authorized. It wouldn't stop all transfers, but it would stop some.

Moreover, it is worth remembering that suspicious activity reports (SARs) are important tools but largely support criminal investigations that will take place well after harm has occurred. Improvements in

---

[events/news/press-releases/2025/08/ftc-data-show-more-four-fold-increase-reports-impersonation-scammers-stealing-tens-even-hundreds](https://www.ftc.gov/news-events/press-releases/2025/08/ftc-data-show-more-four-fold-increase-reports-impersonation-scammers-stealing-tens-even-hundreds)

<sup>2</sup> Federal Trade Commission. (2024). *Protecting Older Consumers 2023-2024*. [https://www.ftc.gov/system/files/ftc\\_gov/pdf/federal-trade-commission-protecting-older-adults-report\\_102024.pdf](https://www.ftc.gov/system/files/ftc_gov/pdf/federal-trade-commission-protecting-older-adults-report_102024.pdf)

<sup>3</sup> Ben Winters. (2026). *The Scam Economy: The True Cost of Online Scams and Crimes in America*. Consumer Federation of America. <https://consumerfed.org/wp-content/uploads/2026/03/The-Scam-Economy-The-True-Cost-of-Online-Scams.pdf>

<sup>4</sup> Fletcher, E., 2023. Romance scammers' favorite lies exposed. New York: Federal Trade Commission. <https://www.ftc.gov/news-events/data-visualizations/data-spotlight/2023/02/romance-scammers-favorite-lies-exposed>.

<sup>5</sup> Federal Trade Commission. (n.d.). *Fraud Reports*. Tableau Public. Consumer Sentinel. Retrieved April 10, 2026, from <https://public.tableau.com/app/profile/federal.trade.commission/viz/FraudReports/StateSubcategories>

reporting methods or enhancements to how SAR data is stored and shared are complementary to real-time or near-real-time interventions that stop a suspicious transfer from settling. An SFPA, if implemented correctly, could be a preventive tool that can complement SAR filing.

*Transaction caps are a blunt instrument. Blocks on unusual transfers could cause “false-positive” holds. Flagging suspicious patterns requires effective analytics.*

By itself, a cap on the amount of a transaction will prevent some well-intentioned transactions from being processed. Users will face a difficult choice – set a low limit and lose utility, or set a high limit and increase the risk of losses. Moreover, many loss incidents involve amounts that would be considered normal spending behavior. The FTC reported that the median loss by a senior in a scam in 2023 was \$650. For individuals over 80, the median loss was \$1,450.<sup>6</sup> In practice, it is unlikely that an account holder (or their trusted family member or friend) would accept a cap below \$650. It is true that seniors are far more likely to lose \$100,000 or more, but these losses are usually from investment accounts.

To be reliable, algorithms designed to spot suspicious transfers must be reliable. True, it is inevitable that some transactions that should go through will be held up. It is not hard to imagine transactions that go to new payees, for large amounts of money, and in unusual ways. Vacation spending, hospital visits, or gift purchases could all trigger a fraud hold. False positives cannot be a frequent problem. Unless SFPAs can reliably assess risk, the number of false positives will make users drop their accounts. Relatedly, account holders and their trusted contacts must have a means to resolve a hold promptly, and not just during banking hours.

#### *Report and Hold Laws Provide Tools for FIs to Prevent Scams*

Report and hold laws (RHLs) permit financial institutions to delay financial transactions when they have a reasonable basis to believe it involves suspicious activity. As recently as 2023, forty-three states already had an RHL.<sup>7</sup> Coverage across all types of FIs is not consistent. More states have implemented them for broker-dealers and investment advisors than for depositories. In a survey conducted by a banking trade, over 90 percent of respondents operating in states without an RHL expressed support for implementing one.<sup>8</sup> For financial institutions (FIs), the existence of an RHL provides clear regulatory permission to delay the disbursement of a transaction.

AARP has supported the idea of RHLs and has supported legislation in some states without RHLs to establish them.<sup>9</sup>

---

<sup>6</sup> Federal Trade Commission. (2024). *Protecting Older Consumers 2023-2024*. [https://www.ftc.gov/system/files/ftc\\_gov/pdf/federal-trade-commission-protecting-older-adults-report\\_102024.pdf](https://www.ftc.gov/system/files/ftc_gov/pdf/federal-trade-commission-protecting-older-adults-report_102024.pdf)

<sup>7</sup> Senior Fraud & Financial Exploitation Prevention Working Group. (2023). *Report and Hold Legislation: A Vital Tool for Protecting Seniors from Fraud & Financial Exploitation*. Idaho Department of Finance. <https://www.finance.idaho.gov/wp-content/uploads/2023/09/Senior-Fraud-and-Financial-Exploitation-Prevention-Report.pdf>

<sup>8</sup> ABA Foundation. (2025). *State ‘Hold’ Laws and Elder Financial Exploitation Prevention A Survey Report*. [https://consumer.ftc.gov/system/files/consumer\\_ftc\\_gov/pdf/State%20Hold%20Laws%20and%20Elder%20Financial%20Exploitation%20Prevention%20%282025%29.pdf](https://consumer.ftc.gov/system/files/consumer_ftc_gov/pdf/State%20Hold%20Laws%20and%20Elder%20Financial%20Exploitation%20Prevention%20%282025%29.pdf)

<sup>9</sup> AARP. (n.d.). *AARP Pennsylvania Pushes For New Anti-Fraud Law*. AARP. Retrieved March 13, 2025, from <https://www.aarp.org/states/pennsylvania/aarp-pushes-report-hold-banking-law/>

*Comparing a hypothetical SFPA to responses allowed by RHLs*

The table below compares the structure of an SFPA, in which automatic mechanisms are programmed to place holds on accounts, with the procedures permitted by FIs in states with an RHL.

	SFPA	RHL
Coverage and triggers		
Transaction threshold	Yes	No
Suspicious transactions	For unusual categories	Any suspicion
Accounts covered	If signed up	All senior accounts
Consumer protections		
Investigation deadlines	Unclear	Yes
Vulnerable to false positives	Yes	Yes
Overdraft, NSF, and in-app irrevocable payments	Should not be allowed	
Wrap-around		
Reports to law enforcement	Unclear	Yes
Vulnerable to false positives	Yes	Yes
Reports to adult protective services	Unclear	Yes
How does a customer get one?	FIs can implement	Automatic for seniors
Requires staff training	No	Possibly

This table shows how RHLs already protect seniors who use bank accounts and investment accounts in many states. It should illustrate some of the ways that a strong SFPA would be constructed.

When considering an SFPA, Congress should be cognizant of which customers will use them and how they will be marketed. It is still the case that these accounts will require seniors or their trusted family and friends to sign up for them. RHLs create special protection for all seniors.

Moreover, there could be a selection bias that leaves a gap in who signs up for the accounts. Older adults often rely on trusted family members to manage their finances, particularly in the later stages of their lives. Unfortunately, these figures often do not bring the best intentions to their stewardship. As a result, almost one-third of scam losses reported by seniors were due to financial exploitation by a family member or close friend.<sup>10</sup> RHLs are poised to prevent this problem in ways that an SFPA cannot.

*Tennessee has an RHL*

Tennessee is one of the states with an RHL. These laws have been shown to be effective in protecting seniors from scams. RHLs have several critical components. They permit information sharing between FIs and state law enforcement agencies. They authorize public agencies to conduct investigations to identify fraud and financial exploitation of seniors. They train frontline staff to recognize crime and authorize FIs to hold transactions when crime is suspected.

---

<sup>10</sup> Roberto, K., & Teaster, P. (2011). *The MetLife Study of Elder Financial Abuse: Crimes of Occasion, Desperation, and Predation Against America's Elders*.  
[https://vtechworks.lib.vt.edu/bitstream/handle/10919/24184/mmi\\_elder\\_financial\\_abuse\\_2011.pdf?sequence=1&isAllowed=y](https://vtechworks.lib.vt.edu/bitstream/handle/10919/24184/mmi_elder_financial_abuse_2011.pdf?sequence=1&isAllowed=y)

In Tennessee, the Elderly and Vulnerable Adult Financial Exploitation Act allows FIs to delay or freeze transactions for up to 15 days if they suspect financial exploitation of adults over the age of 65, and up to 30 days if the resulting investigation is still ongoing.<sup>11</sup> The law requires affected FIs to notify account holders, including “trusted contacts,” within two business days of the hold. It also calls for the FI to report the incident to Tennessee’s Adult Protective Services Division. It applies not just to depositories and investment firms, but also to many other categories of FIs.<sup>12</sup>

However, Tennessee’s version is less forceful than other RHLs in other states. In Tennessee, an FI’s suspicion does not mandate holding the transfer – it only clarifies that regulatory authority exists to place a hold.

## **Conclusion**

Congress should explore how an SFPA could become a tool to prevent scams. However, the outcome will depend on the details. Without more specifics, CFA cannot endorse an SFPA. Nonetheless, we believe Congress should work with advocates, financial companies, and regulators to refine the concept.

These accounts will still have to be reliable. If they do not prevent scams or result in too many holds and freezes, consumers will not use them. Scammers may understand how to game the transaction limits and pattern algorithms.

When considering federal legislation for SFPAs, Congress should prioritize the following:

- a. Staff training will improve the efficacy of an SFPA and the implementation of an RHL.*

To encourage people to use SFPAs – whose impact will only be felt if the public signs up for them - FIs will need to market them to consumers. Many seniors still rely on bank branches for important financial decisions. AARP’s *BankSafe* program trains customer-facing staff at banks, credit unions, and investment firms to spot, prevent, and report scams. Financial institutions must train at least 80 percent of retail staff, have a policy to report exploitation, and have had no fines or lawsuits in the past year.<sup>13</sup> In its study of the program’s impact, researchers from AARP and Virginia Tech found that *BankSafe* reduced fraud and scam losses by 16-fold.

Notably, the AARP program is outcomes-based. It rewards institutions that prevent scams with a publicly visible seal that can be displayed on the FI’s website and social media channels. Additionally, AARP recognizes the FI in a press release and on its website.

---

<sup>11</sup> Tennessee Department of Financial Institutions. (n.d.). *Elderly and Vulnerable Adult Financial Exploitation*. Retrieved April 8, 2026, from <https://www.tn.gov/tdfi/consumer-resources/financial-education/elderly-and-vulnerable-adult-financial-exploitation.html>

<sup>12</sup> Tennessee Code Ann S 45-1201. Any bank or trust company, savings and loan association, credit union, industrial loan and thrift company, money transmitter, check casher, mortgage loan lender, mortgage loan broker, mortgage loan originator, or mortgage loan servicer, title pledge lender, deferred presentment services provider, flex loan provider, or home equity conversion mortgage lender.

<sup>13</sup> *Financial Exploitation Training BankSafe*. (n.d.). Retrieved April 8, 2026, from <https://www.aarp.org/pri/initiatives/banksafe-training-verification/>

Providing an SFPA cannot serve as a shield against a bank's obligation to train frontline staff to prevent scams.

Relatedly, FIs will have to market SFPAs to realize impact. This will require outreach through many channels: on the FI website, inside branch locations, through relationships with community groups, and through partnerships with local law enforcement. If an FI lacks a commitment to its SFPA, the product's existence is meaningless.

*b. SFPAs will require a robust transaction dispute service.*

Given that SFPAs have a mechanism to trigger account holds, consumers using them must be able to contest a transaction that is delayed or frozen. It is best practice for an FI to notify the account holder or a trusted contact when suspicious activity occurs and whenever a hold is placed on an account.<sup>14</sup> Customers must be able to dispute a hold, and they deserve a prompt investigation. EFTA has dispute resolution requirements. Those will still apply. However, these accounts are designed to implement holds, raising the possibility that holds will become a regular occurrence. In a nightmare scenario, frequent false positives trigger holds and freezes, preventing a senior from accessing their funds. If false positives are too common, it could have a devastating effect on a senior's financial stability. Account holders and their trusted contacts should be able to access a live person to dispute a hold or freeze at all times. Going forward, it is urgent to develop systems that enable FIs to prevent deepfakes and distinguish between intended users and criminals.

*c. An SFPA may need additional functionalities to be effective.*

An effective SFPA is more than just an account with a transaction cap. When designing SFPAs, FIs should wrap the account inside other services that at-risk seniors need. For example, RHLs may have mechanisms to send reports to Adult Protective Services. It would be a step forward if issuers of SFPA accounts filed reports on scam events – whether prevented or not – to the Federal Trade Commission and local law enforcement.

SFPAs should not have dangerous capabilities. For example, we are concerned about banks that now allow customers to order wire transfers in their apps, especially when the bank charges less for wires sent via an app than for in-person ones. This practice moves in the wrong direction. SFPAs should never allow account holders to send a wire from their bank app. Similarly, SFPAs with apps should not enable real-time funds transfers using Zelle or other faster payment services. Because these accounts will be used by populations that may struggle to manage their finances, it is important to ensure they do not incur overdraft or non-sufficient funds fees.

Lastly, Congress should draw on lessons learned from states that have established RHLs.

Thank you for the opportunity to comment on this important question. Scams are a crisis affecting the financial stability of seniors across our country.

Please reach out to me with additional questions.

---

<sup>14</sup> *Financial institutions can help prevent elder financial exploitation with alerts to trusted contacts*. (2022). [Advisory Bulletin]. Consumer Financial Protection Bureau. [https://files.consumerfinance.gov/f/documents/cfpb\\_trusted-contacts-fis\\_2021-11.pdf](https://files.consumerfinance.gov/f/documents/cfpb_trusted-contacts-fis_2021-11.pdf)

Sincerely,

A handwritten signature in black ink that reads "Adam M. Rust". The signature is written in a cursive style with a prominent initial 'A'.

Adam Rust  
Director of Financial Services  
Consumer Federation of America  
[arust@consumerfed.org](mailto:arust@consumerfed.org)