

FEDERAL RESERVE BANK  
OF NEW YORK

Circular No. 7962  
September 29, 1976

**UNFAIR OR DECEPTIVE ACTS OR PRACTICES BY BANKS**

**New Regulation AA**

*To All State Member Banks, and Others Concerned,  
in the Second Federal Reserve District:*

Following is the text of a statement issued today by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System today published its procedures for handling complaints by consumers alleging unfair or deceptive practices by banks.

The Board embodied its consumer complaint procedures in a new Regulation AA, effective October 29, 1976. The regulation formalizes procedures for handling consumer complaints, in use since early this year, under statutes for which Congress has given the Board implementing responsibilities.

The announcement emphasized that any consumer having a complaint regarding an unfair or deceptive practice by a bank, or a violation of law or regulation, can get the complaint investigated by submitting it, preferably in writing, to the Director of the Office of Saver and Consumer Affairs at the Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Complaints may also be registered at the Federal Reserve Bank for the District in which the bank is located.

The Board said the complaint should describe the bank practice or action objected to, give the name and address of the bank concerned and the name and address of the person complaining.

The Board will attempt to make a substantive reply within 15 days, or if that is not possible, will acknowledge the complaint within 15 days and set a reasonable time within which a substantive reply will be made.

The Board will receive complaints regarding any bank. For banks other than State-chartered banks that are members of the Federal Reserve System, complaints will be referred to the relevant Federal bank regulator (Comptroller of the Currency for national banks and Federal Deposit Insurance Corporation for State-chartered banks that are not members of the Federal Reserve System).

The Board noted that more than two years ago it established a separate Office of Saver and Consumer Affairs to administer consumer legislation for which the Board writes regulations or has other responsibilities. These laws now include the Truth in Lending Act, the Fair Credit Billing Act, the Equal Credit Opportunity Act, the Home Mortgage Disclosure Act, the Consumer Leasing Act, the Fair Credit Reporting Act and the provisions against unfair and deceptive practices by banks in recent amendments to the Federal Trade Commission Act.

(Over)



The Board said its procedures for dealing with consumer complaints are designed to:

1. Assure consumers of prompt and responsive action on complaints involving State member banks, and prompt referral of complaints involving other banks;
2. Through records kept of complaints, and of findings concerning them, provide the means to single out banking practices or acts that are widespread or frequent enough to require possible regulatory action by the Board.

The Board is receiving quarterly reports from the FDIC and the Comptroller on the number and nature of complaints they receive.

In announcing procedures by which consumers can get the assistance of the Federal Reserve in investigating complaints alleging unfair or deceptive practices by banks the Board said:

"The Board's complaint procedure is not limited to those persons who are customers of the State member bank in question, nor to those acts or practices which are already the subject of Federal regulation. Any person with knowledge of an act or practice which that person considers unfair or deceptive may utilize the complaint procedure.

"Similarly, while a consumer complaint may arise under an existing Federal statute or Board regulation, a complaint may also be directed at an act or practice which is either expressly authorized, or not prohibited, by current Federal or State laws or regulation.

"However, the complaint procedure does not apply to requests for general information or publications such as statistical data. Nor does it apply to complaints regarding such matters as monetary policy, fiscal policy or Treasury issues."

Copies of the new regulation will be sent to you as soon as they become available.

**PAUL A. VOLCKER,**  
*President.*