

Wells Fargo to pay USD185m over bogus accounts

WASHINGTON: Retail and commercial banking giant Wells Fargo will pay more than \$185m in fines after US regulators accused the bank of secretly opening accounts without customers' knowledge, officials said Thursday.



The Consumer Financial Protection Bureau said employees at Wells Fargo, the world's largest bank by market value, had illegally boosted sales figures by opening unauthorised deposit and credit accounts and then covertly funding them with customers' money, sometimes creating phony email addresses to enroll them.

Wells Fargo found that employees had opened more than 1.5 million bogus deposit accounts alone over 2011-2015 resulting in millions of dollars in customer fees while helping bank employees meet sales targets and receive bonuses.

Wells Fargo will pay \$100m to the CFPB, the largest fine to date imposed by the bureau, which was created in the wake of the 2008 financial crisis. The San Francisco-based bank will also pay \$50m to the City of Los

Angeles, which had filed suit last year, accusing the bank of pressuring employees into fraudulent behavior, such as opening fictitious accounts.

The bank will also pay a \$35m fine to the Treasury Department in addition to \$5m to compensate all customers concerned.

"Today's action should serve notice to the entire industry that financial incentive programs, if not monitored carefully, carry serious risks that can have serious legal consequences," CFPB Director Richard Cordray said in a statement.

Wells Fargo said in a statement that it regretted and took responsibility for the unauthorized accounts.

"Wells Fargo reached these agreements consistent with our commitment to customers and in the interest of putting this matter behind us," the company said in a statement.

A bank spokesperson told AFP it had fired 5,300 employees tied the illegal conduct.

Source: AFP

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