

Guaranteeing Adherence to Regulation Z in Offset of Credit Card Debt

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Customer



- Credit Card Issuer

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Business Challenge



- Examiners identified that issuers violated Regulation Z by offsetting consumers' credit card debt against funds that the consumers had on deposit with the issuers without a signed authorization/consent from the consumers.

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Business Impact



- Failure to obtain signed authorization before attempting to enforce the credit card debt from the consumer's security interest is a deceptive act and resulting in the consumer facing financial difficulty.

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Solution and Execution



The Copasys® solution:

1. Highlights the loans where payments have been received and segregates the required payment method to identify if the consumer's payment have been debited from the deposit account held by the credit card issuer.
2. Lists the loans where the consent or signed authorization has been received from the consumer and authenticates the validity of the signed document received

Records are classified as 'Compliant' when the required the payment is debited from the deposit account upon receipt of the signed authorization from the consumer and 'Non-compliant' when authorization is not received or available at all or it was received after the payment was debited.

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Business Value



Initiating certain debt collection testing rules coupled with effective remediation activities helps:

Significantly reduce the consumers risk of financial loss and/ or initiation of inadequate default activities.