

Testimony of Annette Smith to the Senate Committee on Aging  
July 24, 2013

Good afternoon, thank you for having me here.

My name is Annette Smith. I am 69 years old, I live in a small town outside of Sacramento, California and am a long-time customer of Wells Fargo. I was once a business and land-owner but an identity theft scam left me without any assets or credit. Even though the thieves were prosecuted, I received no compensation and I was unable to rebuild from that experience. I have been receiving Social Security as my only income for about 7 years. Today, my Social Security check is for about \$1,200 – that is the only income I have to pay all of my expenses.

Five and a half years ago, I asked my local branch for a small personal loan, just enough to fix my car so that it would pass California's smog test requirement. I was told that they did not offer those kind of personal loans but that I could get something called an "advance" online. I went home and with just a few clicks, received \$500 into my account. A couple of weeks later when my Social Security check was deposited electronically to my account, the bank withdrew the \$500, plus a \$50 fee.

Back then my monthly Social Security check was for less than \$1,200. That means that the \$550 that I paid Wells Fargo that month was about half of what I had to live on for the month. Without it, I could not afford to pay my rent and all my other bills and expenses. So, a few days later, I took out another \$500. But the same thing happened the next month, too. The bank withdrew the entire amount, plus a fee. But because I could not afford to both pay the advance in full and also pay all of my bills and expenses, I had to take another loan. Again and again, for five years.

A few times, I tried not taking another advance after I paid back the last one. But to do it, I had to not pay for other things that month. That meant that the month after that, I was overdue on those bills, and faced fees- making them even harder to pay. So, I broke down and got another advance. I never made it even two full months without having to borrow to pay my expenses after paying back the last advance.

A few other times, I tried taking out less than \$500, maybe only \$200 or \$300- but the same thing happened. I just couldn't stretch my Social Security check to pay Wells Fargo the whole amount that I borrowed the month before and also pay my other bills and expenses. Any time that I tried to not borrow again, or to borrow less, the bills and expenses I couldn't pay would catch up to me a month or two later and I was back where I started.

It was a horrible way to feel every month. I needed help but did not know where any was available. I did not have a credit card and Wells Fargo had already told me they wouldn't give me a personal loan. I could not borrow from my kids, who were themselves struggling. And I never considered going to one of those payday loan stores because I knew they had a reputation for charging really high interest rates that I could never afford. In fact, I thought that, since banks were required to follow certain laws, they couldn't do what those payday places do.

I thought that the problem was me, that I just couldn't figure a way out even though I tried everything I could think of. I have recently learned that Wells Fargo offers a way to pay the advance in installments. If I had known that then, I certainly would have tried to do that. In fact, I tried to do it recently but the bank told me it wasn't set up to do it.

Finally, I talked to someone at the California Reinvestment Coalition who was looking for people who had borrowed from Wells Fargo through the advance program. I described my situation and answered their questions. They looked at my bank statements and helped me figure out how much this was costing me. In total, I received 63 advances from Wells Fargo in about over five years. The fees I paid totaled almost \$3,000.

I was shocked and embarrassed that I had let this happen. But then I realized that I couldn't be the only one in that situation. I agreed to tell my story so that other seniors wouldn't think what I did: that borrowing an advance from a bank was a safe thing to do and end up paying their Social Security on a loan that you could just never seem to get out of. With the California Reinvestment Coalition's support, I even went to the Wells Fargo shareholder meeting to tell the CEO, John Stumpf about my situation. He told me that someone from the bank would work with me.

A few days later, I went with a lawyer from the California Reinvestment Coalition to my branch to ask for an installment plan so that I could pay the money I owed in small amounts that I could afford on my tight budget. All I wanted was to not have to borrow again and again just to make ends meet. CRC had told the bank that we were going to do that the day before, so when we got there, the branch manager and the district manager greeted us at the door. They also had someone from the corporate office on the phone.

We asked for an installment plan so that I could pay off the last advance over time and end this predicament. The bank representatives told me that the bank was not set up to do that. They said that neither the branch nor the corporate office could stop the next withdrawal from happening and fix it so I could pay in small installments that I could afford. Instead, they offered to forgive my last advance as long as I never borrowed an advance again. I agreed. A few days later I saw that the bank had indeed withdrawn the payment for my last advance but then credited me the same amount with the label of "customer satisfaction credit". It was finally over.

It feels great not to owe Wells Fargo any more but I know there are others like me who have not been given the help I got. It is for them that I ask you to do what you can to stop banks from selling these advances that are so hard to get out of.

Please do whatever you can to stop banks from doing this to other seniors.

Thank you,

Annette Smith