



AMERICAN ARBITRATION ASSOCIATION

In the Matter of the Arbitration between

Case Number: 01-20-0015-3851

Delphine Swormstedt (“Claimant”)

-vs-

US Bank, N.A. (“Respondent”)

AWARD OF ARBITRATOR

I, Durward Parkinson, THE UNDERSIGNED ARBITRATOR, having been designated in accordance with the arbitration agreement entered into by the above-named parties, and having been duly sworn, and oral hearings having been waived in accordance with the Rules, and having fully reviewed and considered the written documents submitted to me by the parties, each represented by counsel, do hereby, AWARD, as follows:

By way of factual background, on July 20, 2020, Delphine Swormstedt (“Claimant”) was issued a ReliaCard prepaid debit card by US Bank (“Respondent”). A prior debit card issued was closed because of contested charges. The debit card served as a vehicle for Claimant to receive unemployment benefits from the State of Maine. Payment of unemployment in this manner was intended to be convenient for the recipient and more secure. Somewhat ironically the reliability of the debit card is central issue in this case.

The facts surrounding the issuance, use and closure of the debit card are contested by the parties. On August 18, 2020, Respondent requested an address change. Respondent sent its usual letter to the Claimant confirming the address change request and stated that “no further action is needed” on Claimant’s part. On August 30, 2020, the debit card was put on hold by Respondent. There was no advance notice to Respondent of this action. Respondent stated that the hold was because there was no response to their confirmation letter and that the change of address was a red flag for potential fraud and cause for investigation. It is unclear when the fraud investigation commenced or ended.

On September 2, 2020, Claimant telephoned Respondent about her debit card being on hold. She called once again on September 4, 2020 and was advised by a call representative that certain information verifying her identity was required to correct the situation. On September 11, 2020, Claimant supplied Respondent with the requested information via facsimile. On September 14, 2020, Respondent called Claimant to advise that it was unable to receive this information because of a technical glitch apparently on their end. There is a factual dispute about whether the information was resubmitted by Claimant. Two times later, on September 30, 2020 and October 2, 2020, Claimant telephoned Respondent expressing concern about the hold on her debit card. Respondent reactivated the debit card on October 2, 2020.

While Respondent has enormous responsibilities for protecting its customers against fraud, the 32 day hold on Claimant’s debit card was unreasonable. Except for Respondent’s outreach to Claimant on September 14, 2020, there was insufficient communication with Claimant about this major financial component of her financial life. This delay was understandably stressful to Claimant who required these funds to cover basic living expenses. The evidence does not suggest however that Respondent acted intentionally or in bad faith. Rather its fraud review process was unnecessarily drawn out and communication with Claimant was spotty at best. While the amount of money in her account was less than \$1000, the lack of access to these funds was a hardship to Claimant especially

being unemployed in the middle of the pandemic.

The total Award in favor of Claimant against Respondent is \$1000 for statutory damages under the Electronic Funds Transfer Act (EFTA). No attorney's fees, expenses, interest are awarded.

The administrative fees of the American Arbitration Association (AAA) totaling \$1,900.00 shall be borne as incurred, and the compensation of the arbitrator totaling \$1,650.00 shall be borne as incurred.

The above sums are to be paid on or before 10 days from the date of this Award.

This Award is in full settlement of all claims submitted to this Arbitration. All claims not expressly granted herein are hereby denied.

5/21/21

Date



Durward Parkinson, Arbitrator