

AMERICAN ARBITRATION ASSOCIATION
Consumer Arbitration Rules

In the Matter of the Arbitration between

Case Number: [REDACTED]

Michael [REDACTED], Claimant

-vs-

Green Dot Bank, N.A., Respondent

INTERIM AWARD OF ARBITRATOR

I, [REDACTED], the undersigned arbitrator, having been designated in accordance with the arbitration agreement entered into between the above-named parties, and having been duly sworn, and having reviewed and considered the written documents submitted to me by the Parties, each represented by counsel, do hereby issue this INTERIM AWARD as follows:

CLAIMS

Claimant Michael [REDACTED] ("Claimant") alleges that Respondent Green Dot Bank, N.A. ("Respondent") violated the Electronic Funds Transfer Act ("EFTA") Regulation E (12 C.F.R. 1005) in its investigation and disposition of Claimant's claims of alleged unauthorized and fraudulent charges to his debit card account with Respondent totaling \$4,800.86.

Claimant sets forth the following claims in this arbitration:

Claim I: Violation of the EFTA Regulation E (12 C.F.R. 1005) - Failure to Conduct Proper and Good Faith Investigation;

Claim II: Violation of the EFTA Regulation E (12 C.F.R. 1005) - Authorized Transactions;

Claim III: Violation of the EFTA Regulation E (12 C.F.R. 1005) - Response Time-Denial;

Claim IV: Violation of the EFTA Regulation E (12 C.F.R. 1005) - Explanation of Findings; and

Claim V: Violation of the EFTA Regulation E (12 C.F.R. 1005) - Response Time-Investigative Document.

For all of his claims, in his Arbitration Demand Claimant sought actual damages of approximately \$4,800.86, statutory damages of \$1000, treble damages pursuant to 15 U.S.C. 1693f, and attorney's fees pursuant to 15 U.S.C. 1693 (m). After the commencement of this arbitration, Respondent resolved the dispute in Claimant's favor, credited the disputed amount back to Claimant's account, and sent Claimant a check for his full account balance. Accordingly, in his submission on this Desk Arbitration, Claimant modifies the description of his demand to seek "actual damages, including interests [sic] on \$4,800.86 plus the loss-of-use value on said amount," in addition to his demand for an award of statutory damages, treble damages and attorney's fees.

Respondent denies the claim and seeks the dismissal of Claimant's claims, (a) the reallocation of the arbitration costs pursuant to Rule 44 (c) of the AAA Consumer Arbitration Rules, and (b) an award of Respondent's attorney's fees pursuant to 15 U.S.C. §1693m.

ANALYSIS

On December 27 or 28, 2025¹, Claimant discovered charges to his account with Respondent that resulted from purchases from merchants in Livermore, CA. Claimant notified Respondent that he did not make the disputed charges or authorize any person or entity to make the charges, that he had not ever been to Livermore, CA, that he lived thousands of miles away in Brooklyn, NY that he had no connection with the merchants and requested that Respondent submit a chargeback to the merchants to confirm the foregoing, and that he has not history of committing fraud.

On December 28, 2025, Claimant submitted a Statement of Fraud to Respondent (“First Notice of Error”) respecting the disputed charges.

On January 2, 2026, Respondent denied Claimant’s First Notice of Error. Also on January 2, 2026, Claimant requested to refile his dispute. Thereafter, on January 3, 2026, Claimant submitted to Respondent his “Second Notice of Error” and requested copies of investigative documents relied upon by Respondent.

On January 4, 2026, Claimant submitted to Respondent a screenshot purporting to depict the clock-in and clock-out times at his workplace during the time frame of the disputed transactions.

On January 5, 2026, Respondent denied Claimant’s Second Notice of Error.

Respondent never contacted the merchants with whom the alleged purchases were incurred or initiated chargeback protocols prior to issuing its denials of Claimant’s First and Second Notices of Error.

In its denial of Claimant’s First and Second Notices of Error, Respondent stated, in substance, that its refusal to credit Claimant’s account was “Based on our review of relevant information, including transaction and account activity, we have determined you authorized the transactions.”

On January 9, 2026, in response to Claimant’s previous request for the production of investigative documents relied upon by Respondent, Respondent provided Claimant with screenshots of Claimant’s cardholder credentials, account details, account history, account balances and its rationale for its denial, to-wit:

“There was no Address changed nor a new card was issued to the new address. As per Salesforce records dates 12/27/2025, cardholder contacted the bank asking why transaction are declining suggesting cardholder attempted to use the account for executing transactions.

Funds were loaded in the account before the disputed transactions. Claim denied.

(In its submission in this proceeding, Respondent explained the significance of the rationale for its denial, but did not provide that explanation to Claimant and made no effort to do so prior to the commencement of the arbitration.)

On January 12, 2026, Claimant requested that Respondent reopen his previously denied claim.

¹ The facts set forth in this section are either consistent with the submissions of the parties or, in some cases, were submitted by one party and not contested by the other. Where there are inconsistencies between dates provided by the parties, they have been noted. The arbitrator finds that the few inconsistencies in dates are not material or relevant to the disposition of this matter.

On January 12/14², 2026, Claimant submitted to Respondent a police report filed by Claimant with the Livermore, CA police department on January 7, 2026, and Claimant's communications with merchants concerning the disputed transactions. Also on January 14, 2026, Respondent sent Claimant an email advising that his refiled dispute had been denied.

On January 22, 2026, Claimant commenced this arbitration proceeding.

On January 30, 2026, Respondent notified Claimant that his dispute was denied in error and issued Claimant a permanent credit of \$4,800.16. Respondent's internal records respecting this reversal state the following:

On 1/02/2026, Dispute 251228000031C was denied however due to insufficient investigation was overturned. CES-56547.

On 01/23/2026, and 01/30/2026, reopen request was denied in error. CES-57761 and 57762.

On February 3, 2026, Respondent sent a refund check to Claimant of his full account balance. The refund check was reconciled on February 5, 2026.

DISCUSSION

Claim I: Violation of the EFTA Regulation E (12 C.F.R. 1005) - Failure to Conduct Proper and Good Faith Investigation:

Claim III: Violation of the EFTA Regulation E (12 C.F.R. 1005) - Response Time-Denial;

(Disposition of Claims I and III Will Be Addressed Together)

Pursuant to 15 U.S.C. § 1693f(a), a financial institution is required to investigate consumers' claims of error, determine whether an error has occurred, and report or mail the results of such investigation and determination to the consumer within ten days. 12 C.F.R. 1005.11(c)(1).

Respondent has not met its burden of demonstrating that it conducted a proper and good faith investigation of Claimant's disputed charges. Respondent denied the claims (a) without contacting the merchants (*see, e.g.* 12 CFR 1005.11(c)(4), Comment 3); (b) without submitting chargeback requests to the merchants; (c) without apparently considering the merchant documentation supplied by Claimant; (c) without apparently considering the screenshot submitted by Claimant to depict the clock-in and clock-out times at his workplace during the time frame of the disputed transactions; (d) notwithstanding the fact that the charges were incurred in Livermore, California and Claimant resided in Brooklyn, New York; and (e) notwithstanding the fact that Claimant had no history of ever having been accused of committed fraud. While one or several of these factors, standing alone, might not lead to the conclusion that Respondent failed to conduct a proper and good-faith investigation, all or several of them, taken together, lead to this conclusion.

While it is true that the EFTA Regulation E does not prescribe the exact steps that must be undertaken

² The email from Claimant to Respondent that accompanied the police report is dated January 12, 2026. Respondent states in its submission that it was provided on January 14th.

by a financial institution in conducting its investigation,³ for the plain language of the statute to have any meaning the investigation has to evince that it was conducted in good faith which, at the very least, requires that simple investigatory steps were not ignored. Respondent has described the steps that it took in arriving at its denials of the claims, but the arbitrator concludes that in light of the information that was available to it and the steps that were not taken, the investigation was not sufficient and, therefore, was not proper and conducted in good faith.

Indeed, that Respondent's investigation was insufficient was demonstrated by Respondent's admission in its own internal records. In reversing its denial of the claim and issuing a credit to Claimant, Respondent stated:

On 1/02/2026, Dispute 251228000031C was denied however *due to insufficient investigation* was overturned. CES-56547.

On 01/23/2026, and 01/30/2026, reopen request was *denied in error*. CES-57761 and 57762.

(emphasis added)

This document and admission were not addressed by Respondent in its submission.

Respondent's reliance on the fact that it reversed its denial on January 30, 2026, after having received the police report, is not persuasive. First, Respondent had some of the information described above report and the opportunity to obtain other relevant information, such as information from the merchants, well before its initial denials and before it received the police report. Secondly, it received a police report on January 12 or 14th, denied the claim again on January 14th, and did not reverse its denial until January 30th. Therefore, the arbitrator cannot conclude that the reversal of the denial of Claimant's claim was the result of Respondent having received the police report and not the initiation of the arbitration proceeding.

Accordingly, Respondent violated EFTA Regulation E by failing to conduct a proper and good faith investigation.

Because the EFTA requires that the results of an investigation be communicated to the consumer within 10 days, it follows that a proper investigation must take place within those 10 days, and that investigation be conducted in good faith.⁴ For the reasons stated above, although Respondent may have communicated its denial to Claimant within 10 days, since Respondent did not base its denial on the results of a proper good faith investigation, Respondent violated EFTA Regulation's notice requirement.

Claim II: Violation of the EFTA Regulation E (12 C.F.R. 1005) - Authorized Transactions:

The arbitration was commenced on January 22, 2026, prior to Respondent's reversal of its denial and crediting of Claimant's accounts on January 30, 2026. Further, in its submissions, Respondent states that it is not claiming that the disputed transactions were authorized. Accordingly, this claim is moot.

³ Both parties have submitted arbitration awards in support of their respective positions as to the extent of the investigation required of a financial institution, many of which are inconsistent with one another. I have reviewed the cases submitted by the parties, but this Interim Award is based solely on my analysis of the facts of this case and applicable law.

⁴ Respondent does not claim that it was unable to complete its investigation in the ten-day period and, in any event, even if it had notified Claimant that it needed 45 days to do so, it did not issue Claimant a provisional credit.

Claim IV: Violation of the EFTA Regulation E (12 C.F.R. 1005) - Explanation of Findings:

If a financial institution denies a claim of error, it must explain its findings and, upon the consumer's request, provide the consumer with copies of the documents it relied upon in its investigation to conclude that an error did not occur. 15 U.S.C. §1693f(d); 12 C.F.R. §§ 205.11(d), 1005.11(d).

Respondent's explanation to Claimant in its denial of Claimant's First and Second Notices of Error - in substance, that its refusal to credit Claimant's account was "Based on our review of relevant information, including transaction and account activity, we have determined you authorized the transactions" - was, at the very least, superficial. Thereafter, in response to Claimant's request for copies of the investigative documents, Respondent provided its rationale for the denial.

As aforesaid, in its submission in this proceeding, Respondent explained the significance of the rationale for its denial but did not provide that explanation to Claimant in its denials and made no effort to do so prior to the commencement of the arbitration.

Respondent correctly argues that the EFTA does not require that a detailed legal analysis be provided to a claimant whose claim is denied. However, for the requirement to have any meaning, the reasons should be sufficient to allow a claimant to address them.⁵ Here, neither the reasons stated by Respondent in its denial notices, nor in the "rationale" that Respondent gave thereafter on January 9, 2026 in its response to Plaintiff's request for investigative documents, provided Claimant with that information. *See also, e.g.*, Consumer Financial Protection Bureau "Supervisory Highlights," Issue 22, Summer 2020 ("To give purpose to [the obligation to provide an explanation], the meaning of an 'explanation' is not synonymous with that of a 'determination.' Financial institutions must go beyond just providing the findings to actually explain or give the reasons for or cause of those findings.")

Claim V: Violation of the EFTA Regulation E (12 C.F.R. 1005) - Response Time-Investigative Document:

On January 9, 2026, in response to Claimant's prior request, Respondent provided Claimant with the documents it relied upon in its investigation to conclude that the error did not occur. While Claimant disputes the materiality of the documents produced to the disposition of the disputed charges, there has been no evidence presented to demonstrate that Respondent did not produce other responsive documents, if any, relied upon by Respondent in its investigation. Accordingly, this claim is denied.

Respondents' Request for Reallocation of Arbitration Costs and an Award of Its Attorney's Fees:

For the reasons set forth above, Claimant's arbitration is not frivolous, and was not brought in bad faith and for the purposes of harassment.

FURTHER SUBMISSIONS

Within 10 days of the issuance of this Interim Award, Claimant shall submit the following:

- (1) A detailed calculation of the interest Claimant seeks on the sum of \$4,800.86 for the period of December 28, 2025 through January 30, 2026, and any fees or charges

⁵ Both parties have submitted arbitration awards in support of their respective positions as to the extent of the explanation required of a financial institution, many of which are inconsistent with one another. I have reviewed the cases submitted by the parties, but this Interim Award is based solely on my analysis of the facts of this case and applicable law.

Claimant incurred to Respondent with respect to disputed charges that are the subject of this arbitration ("Actual Damages");

(2) It is uncontroverted that Claimant was credited the amount of the disputed charges, \$4,800.86 ("Disputed Charges"), on January 30th, 2026. In its submissions, Claimant seeks treble damages of the Disputed Charges and not of the Actual Damages as defined in "(1)" above. Claimant shall submit legal authority, not exceeding 5 double-spaced pages, setting forth whether it is the Disputed Charges or Actual Damages that may be trebled under the EFTA, 15 U.S.C. 1693 and 15 U.S.C. 1693m(a)(1); and

(3) An affidavit and detailed billing records supporting Claimant's claim for an award of Claimant's attorney's fees and costs.

Within 20 days of the issuance of this Interim Award, Respondent may submit a reply to Claimant's submissions.⁶

CONCLUSION

On his First, Third and Fourth Claims, Claimant is the prevailing party and is awarded damages as follows:

- (1) Actual Damages, as shall be determined by the arbitrator following the parties' further submissions;
- (2) Statutory damages of \$1,000.00;
- (3) Treble damages in an amount that shall be determined by the arbitrator following the parties' further submissions; and
- (4) Attorney's fees and costs in an amount that shall be determined by the arbitrator following the parties' further submissions.

This Interim Award is in full settlement of the merits of all claims submitted to this arbitration, except for the determination of reasonable attorney fees and costs in favor of Claimant as set forth above. The arbitrator retains jurisdiction to address Claimant's claims for reasonable attorney fees and costs. The matter shall be deemed submitted to the arbitrator for determination in a Final Award upon and after such submissions.

This Interim Award shall remain in full force and effect until the arbitrator renders a Final Award.

October 5, 2026
Date

_____, Arbitrator

I, _____, do hereby affirm upon my oath as arbitrator that I am the individual described in and who executed this instrument, which is my Interim Award.

October 5, 2026
Date

_____, Arbitrator

⁶ Respondent's submission on the treble damages issue should also be limited to 5 double-spaced pages.