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Cardholder Access to Funds

In October 2015, a rash of preventable failures by Mastercard and UniRush meant that many customers could not use their RushCard to get their paychecks and other direct deposits, take out cash, make purchases, pay bills, or get accurate balance ...

Feb. 01, 2017



The Consumer Financial Protection Bureau today took action against Mastercard and UniRush for breakdowns that left tens of thousands of economically vulnerable RushCard users unable to access their own money to pay for basic necessities.

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consumers from their own money, and threw some into a personal financial crisis,” said CFPB Director Richard Cordray. “The companies must set things right for consumers and make sure such devastating service disruptions are not repeated.”

UniRush LLC is a Delaware corporation headquartered near Cincinnati, Ohio. It is the program manager for RushCard, a reloadable prepaid debit card co-founded by entrepreneur Russell Simmons, and oversees operations such as the cardholder website. Mastercard International Inc. is a global financial services business incorporated in Delaware and headquartered in Purchase, N.Y. One of its units, Mastercard Payment Transaction Services, is the current payment processor for the RushCard.

RushCard is advertised as a way for consumers to get direct deposits on their card “up to two days sooner.” These deposits include government benefits or payroll funds. In 2014, UniRush picked Mastercard as its new payment processor. Mastercard and UniRush spent 13 months preparing to switch to Mastercard’s processing platform, which ultimately took place Oct. 10-12, 2015. At the time of the switch, RushCard had about 650,000 active users, of which about 270,000 received direct deposits on their RushCard.

Mastercard and UniRush’s actions before, during, and after the changeover harmed tens of thousands of consumers. The CFPB received about 830 consumer complaints from RushCard users in the weeks that followed the switch in payment processors. By comparison, the CFPB received 147 complaints about prepaid cards from November 2014 to January 2015. As a result of its preventable failures, the CFPB found that Mastercard or UniRush:

- **Denied consumers access to their own money:** UniRush did not accurately transfer all accounts to Mastercard. As a result, thousands of consumers could not access funds stored on their cards for days, or in some circumstances, weeks.

Because of Mastercard's actions, accounts of about 1,110 consumers were

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processed deposits and did not promptly process electronic debit transactions, which falsely inflated those RushCard holders' account balances. As a result, thousands of consumers accidentally spent more money than was loaded on their RushCard. With no advance notice to consumers, UniRush used funds consumers subsequently loaded onto their RushCards to offset negative balances caused by its processing errors.

- **Gave consumers inaccurate account information:** Mastercard did not make sure it was sending accurate information about consumers' account balances to UniRush when it declined to authorize certain transactions. As a result, some consumers received incorrect information telling them their account balances were zero, when the consumers actually had funds stored on their cards.
- **Failed to provide customer service to consumers impacted by the breakdowns:** UniRush did not have an adequate plan to step up its customer service response to meet the increased demand caused by service disruptions. Even after hiring additional personnel, UniRush failed to train customer service agents in time to meet the surge in demand. As a result, some consumers who called customer service waited on hold for hours and could not obtain critical information about the status of their funds and accounts.

Enforcement Action

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the CFPB is authorized to take action against institutions engaged in unfair, deceptive, or abusive acts or practices, or that otherwise violate federal consumer financial laws. The lack of preparation and testing by Mastercard and UniRush, as well as multiple preventable failures, adversely impacted consumers, including by denying them access to their own money. Under the terms of the consent orders, Mastercard and UniRush must:

- **Pay an estimated \$10 million in restitution to tens of thousands of harmed**

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for compliance as they implement the plan.

- **Pay a \$3 million civil penalty:** Mastercard and UniRush must pay a civil money penalty of \$3 million to the CFPB Civil Penalty Fund.

The consent order against Mastercard and UniRush is available at:

http://files.consumerfinance.gov/f/documents/201702_cfpb_UniRush-Mastercard-consent-order.pdf

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