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United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

February 15, 2024

Mr. Cameron Fowler
CEO
Early Warning Services, LLC
16552 North 90th Street
Scottsdale, AZ 85260

Dear Mr. Fowler:

We remain concerned about scams and fraud on Zelle, the instant payment platform operated by Early Warning Services, LLC, and co-owned by seven Big Banks (Bank of America, Truist, Capital One, JP Morgan Chase, PNC Bank, U.S. Bank, and Wells Fargo). We write to ask you to publicly clarify your reimbursement policy for imposter scams, add more categories of scams that consumers can be reimbursed for, and that you streamline the process for customers to report unauthorized transactions, scams, and fraud on Zelle.

In November 2023, it was reported that Zelle began to reimburse customers who are subject to imposter scams, a scam in which someone impersonates a representative at a financial institution, a business, utility, or a governmental entity to trick a consumer into sending money.¹ However, it remains unclear whether this reported policy is standard practice because the details have not been made public. Zelle's webpage says: "Because you authorized the payment [in a scam], you may not be able to get your money back"² and that "[q]ualifying imposter scams may be eligible for reimbursement"³; it does not specify which categories of imposter scams may qualify or what steps a victim must take to exercise their rights under the reimbursement policy. Since it appears that Zelle has not shared any specific information about its reimbursement policy, customers may not know that they can be reimbursed and, thinking they may not get any help, may not report these scams. Zelle should clarify whether all participating banks and credit unions are required to reimburse customers who are victims of "qualifying" imposter scams and make that policy public. Zelle should also expand the reimbursement policy to include more types of scams that occur on the platform.

It is also currently unnecessarily complicated to report fraud and scams to Zelle. Zelle's website contains separate instructions for reporting fraudulent transactions, on the one hand, and scams, on the other hand. One set of complaints is reportable through a webpage, while another is reportable

¹ "Payments app Zelle begins refunds for imposter scams after Washington pressure", November 2013, <https://www.reuters.com/technology/cybersecurity/payments-app-zelle-begins-refunds-imposter-scams-after-washington-pressure-2023-11-13/>.

² "Fraud & Scams Overview" <https://www.zellepay.com/safety-education/fraud-scams-overview>

³ "Frequently Asked Questions: I believe I've been a victim of an imposter scam. Who should I contact?" <https://www.zellepay.com/faq/i-believe-ive-been-victim-imposter-scam-who-should-i-contact>

only by phone.⁴ Many customers are unlikely to know which category their transaction falls into and therefore which form to use. This process is unnecessarily cumbersome from the victim's perspective, which may limit their ability to receive reimbursement and render the new policy less effective. Meanwhile, we are not aware of an easy way to report a transaction directly from the bank or credit union app in which the customer made the payment. Zelle should make the reporting process for fraud and scams easier and more streamlined for customers.

We would appreciate responses to the following by March 13, 2024.

1. Will Zelle expand its reimbursement policy to include more types of scams that occur on the platform?
2. Will Zelle commit to publicly sharing its policy of reimbursing customers who are victims of "qualifying" imposter scams?
3. Will Zelle commit to making the reporting process for fraud and scams less cumbersome for customers?
4. Since Zelle began to reimburse customers for "qualifying" imposter scams in November 2023, please provide:
 - a. The number of claims of reported imposter scams and the total dollar value of these transactions.
 - b. The total number of cases where Zelle provided refunds to the customers who reported these imposter scams, the total dollar value of these refunds, and the average and maximum length of time Zelle took to issue a refund.
5. What types of scams are most common on Zelle? For each of the last five full calendar years, please provide:
 - a. The number of claims of reported scams, the types of these reported scams, and the total dollar value of these transactions.
 - b. The total number of cases where Zelle provided refunds to the customers who reported these scams, the total dollar value of these refunds, and the average and maximum length of time Zelle took to issue a refund.
6. In October 2022, Zelle contested reports of rampant fraud and scams on its platform.⁵ How many reports of fraud has Zelle received from its customers for each of the last five full calendar years? For each year, please provide:
 - a. The total number of transactions reported as unauthorized by customers using Zelle and the total dollar value of these transactions.
 - b. The total number of cases where Zelle provided refunds to customers who reported unauthorized transactions and the total dollar value of these refunds.

⁴ "Report a Scam", <https://www.zellepay.com/support/report-scam>. This webpage notes: "Do not use this form to report unauthorized transaction(s) that occurred due to account loss or theft."

⁵ "Early Warning Releases Statement Regarding Recent Reports of Fraud and Scam Rates", October 2022, <https://www.zellepay.com/press-releases/early-warning-releases-statement-regarding-recent-reports-fraud-and-scam-rates>

Thank you for your consideration and your timely response.

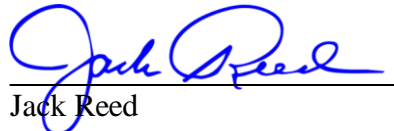
Sincerely,

Handwritten signature of Sherrod Brown in blue ink, written over a horizontal line.

Sherrod Brown
Chairman
Senate Committee on
Banking, Housing, and Urban
Affairs

Handwritten signature of Elizabeth Warren in blue ink, written over a horizontal line.

Elizabeth Warren
United States Senator

Handwritten signature of Jack Reed in blue ink, written over a horizontal line.

Jack Reed
United States Senator