



...a brighter tomorrow

# THE CONSUMER ADVOCATE

Summer 2010

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## I Can be Denied a Checking Account?

Have you ever been surprised that a financial institution, such as a bank or credit union declined your application to open a checking account? Financial institutions do not publicize that a credit check may be required to open an account. Even though financial institutions aggressively advertise with promotions and giveaways to encourage consumers to open up a new account, they have the right to protect themselves from at risk consumers. To the surprise of many, some banks have account eligibility requirements and can deny an individual if they have mishandled their bank accounts in the past.

Financial institutions want to open accounts for consumers who pose the least amount of risk. Consumers who do not regularly overdraw on their bank accounts or incur fees on their accounts are good candidates for being approved.

If you regularly incur fees or have outstanding checking account related debt with another financial institution, you may be turned down if you apply to open up a new account. Typically, the bank representative simply states that the account cannot be open "due to information in your credit file". The credit file the financial institution is referring to is not your credit report (a report generated by Experian, Equifax or TransUnion that details how you have handled credit in the past i.e. credit cards, car loans, student loans, etc.). Rather, the credit report the bank refers to is the vastly unknown consumer reporting

company, Chex Systems, Inc.

Chex Systems is an independent third party organization that gathers and reports on how well the consumer has handled their checking account(s) over the past five years. Before we learn more about what is in a Chex Systems report, let's review common, often confusing bank terminology.

- ◆ **Overdraft:** This happens when you write a check or use your debit card to withdraw more money than you currently have in your checking account. The financial institution will release the funds to cover the check or debit transaction, but an overdraft fee is charged (typically between \$29-\$39). The consumer is responsible for the overdraft fee as well as the funds withdrawn by the check or debit transaction.
- ◆ **NSF (insufficient funds):** also known as a bounced check: This happens when your checking account is debited and funds are unavailable; the check does not clear and funds are not released. Typically, the financial institution and the retailer will charge an NSF fee or bounced check fee.

Consumers may be denied a checking account due to unpaid fees, such as the ones listed above. Similar to credit reports, it takes time and effort to rebuild your checking account history but it can be done and DCC is here to help!

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## Thank You!

**Citi**, for your generous and unwavering support which helps to significantly fund our operations and educational efforts throughout the year.

A special thanks to **TD Bank** for their funding of additional training for our certified credit counselors. Ongoing training assures that our counselors are the best that they can be.

(Continued from page 1)

If your request to open a checking account has been denied - it is an acceptable practice to ask why you have been denied; then order a copy of your Chex Systems report to learn what negative information is being reported. Similar to credit reporting agencies, every consumer is entitled to a copy of their Chex Systems report once every twelve months. To order a copy, visit their website at [www.consumerdebit.com](http://www.consumerdebit.com) or call 1.800.428.9623.

Your personal Chex Systems report will provide details of the following information as it pertains to your file. Information reported in ChexSystems may include:

- \* **Identity Theft Security Alert:** This alert is requested by consumers who were victimized by identity theft. Banking identity theft is the act of a third party opening a checking or savings account using someone else's identifying information i.e. social security number. Typically, the thief will mishandle accounts listed in your name through bounced checks, overdraft, etc. An active identity theft security alert through Chex Systems can help to prevent new account identity theft by requiring consumers to provide a password while the security freeze is active. For more information on identity theft, contact one of DCC's credit counselors.
- \* **Reported Information:** Any banking accounts that have been mishandled in the past five years or outstanding debt owed to a financial institution will be reported in Chex Systems. Typically, NSF and overdraft fees are reported in this section as well.
- \* **Consumer Initiated Inquiries:** Each time a consumer applies for a credit card or completes an application for a checking account at a financial institution, an inquiry is reported

through Chex Systems. Inquiries can be reported for up to three years.

\* **Creditor Initiated**

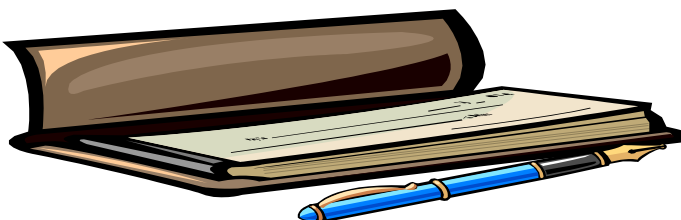
**Inquiries:** Unbeknownst to you, if your financial institution uses Chex Systems as an evaluative tool before opening bank accounts, your Chex Systems file may be periodically reviewed by creditors to determine pre-approval, potential employers or a potential investor to assess your credit risk. Creditor initiated inquiries are not reported to others on your Chex Systems report, but are reported to you as a courtesy.



- \* **Retail information:** Retailers and other businesses that accept checks for payment report returned checks to Certegy Check Systems, Inc. Chex Systems collects this data from Certegy Check Systems, Inc. and reports it on the Chex Systems report. If you feel a returned check is reported in error, you must dispute this information with Certegy Check Services, Inc. directly by contacting 1.800.437.5120 or write to Certegy Check Systems, Inc. P.O. Box 30046, Tampa, FL 33630.

- \* **History of checks ordered:** All checks ordered by the consumer will be reported for up to three years.

Unfortunately, like the credit reporting agencies, information in Chex Systems is not always accurate. It is common for consumers to be turned down for a bank account based on errors reported by Chex Systems. For example, Chex Systems may report that \$35.00 is owed to Bank A due to an overdraft fee. In reality, the consumer paid the outstanding overdraft fee, but Bank A did not update Chex Systems. Like credit reporting agencies, it is the consumer's responsibility to dispute incorrect information (provide proof to validate your claim). Chex Systems will investigate and update your report if the claim is validated. Additionally, each consumer



## Chex Systems (cont.)

is permitted to add a personal statement to their Chex Systems file providing details regarding a dispute or blemish on their file.

Please note: Chex Systems does not approve or deny an application to open a checking account; the decision to open an account is determined by the individual bank where the application was requested.

If you are turned down for a checking account, don't give up! Order your Chex Systems report and take the time to clear up outstanding debt. It is important to have a bank account as it allows you to cash checks at the bank and avoid high cost check cashing outlets. Additionally, handling your checking account properly helps to establish a positive relationship with the financial institution. A long lasting, positive account history may help you in the future – you may be entitled to additional services free of charge or if you do not meet the traditional criteria for a loan, the bank may be willing to take a risk on you and give you a loan due to your positive history.

As always, if you are struggling with managing your checking account and find that you are regularly incurring overdraft or NSF fees, please contact one of DCC's Certified Personal Finance Counselors today. Our counselors can help you identify the cause of your financial challenges and work with you to create a plan of action to avoid overdrawing your checking account, all free of charge. Our counselors are trained on many aspects of personal finance and are here to help you on your path to ...a brighter tomorrow.

## Celebrity \$ense

**“ The real measure of your wealth is how much you'd be worth if you lost all your money.”**

*- Author Unknown*

## Did You Know?

Did you know... about Angel Food Ministries? Angel Food Ministries is a non-profit, non-denominational organization whose mission is to provide food at a reduced cost to communities nationwide. The best part is, there are no income restrictions to qualify! (If you receive food stamps, contact your local Angel Food Ministries to learn more about how you can use them.)

Angel Food Ministries purchases food from suppliers at a significant discount; the food is not expired or inferior. Angel Food Ministries packages an assortment

of high quality, nutritious food that can include frozen foods, fresh foods and meats. You decide which pre-planned package and how many packages to purchase!

Depending on the package you choose, the

retail value is typically between \$42—\$78, and the typical cost through Angel Food Ministries is approximately \$30 —a significant savings! Depending on your family size, this food can last between one week and a month!

For more information about Angel Food Ministries and to find the nearest participating location, visit their website at [www.angelfoodministries.com](http://www.angelfoodministries.com).

If you choose to participate in Angel Food Ministries, be sure to adjust your monthly budget. You can reallocate the funds previously spent on groceries to help pay down your credit card debt. You can also open a savings account and make regular deposits with the money “saved” through this reduction of food expense. If you don't make a conscious effort to put a plan in place, this “saved” money will seemingly disappear without you ever realizing the benefit.

If you would like additional assistance revising your monthly budget, contact Debt Counseling Corporation's Certified Personal Finance Counselors today!



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### ***Spotlight on the Community***

Debt Counseling Corporation has continued to improve and expand the outreach of our Financial Literacy programs throughout 2010.

In 2010, DCC's Education Director formed a partnership with the **Suffolk County Salvation Army** through their Family Stabilization Program. This program provides financial assistance to renters and homeowners that meet program guidelines and complete four classes on financial literacy; DCC proudly conducts two of these workshops titled "How to Prevent Foreclosure" and our most popular "Living Debt Free". The evaluations from these workshops were excellent and our program was so well received, DCC was the only partnering agency to be invited to teach the make-up classes in June. DCC was also invited to continue our partnership in the fall.

As a result of the positive feedback received from the Suffolk County Salvation Army, DCC was asked to partner with **Catholic Charities** and in May, DCC conducted our "Debt Options" workshop to individuals struggling with their finances.

In the upcoming summer months, DCC looks forward to working with the **Suffolk County Girl Scouts** and **Bay Shore YMCA** to teach age appropriate financial management tools to youth.

### **What's New at DCC**

Debt Counseling Corporation is excited to report that our **Housing Counseling Program** has started strong in 2010. We have responded to the needs of our community by expanding our services to include a **free** Housing Counseling Program including foreclosure prevention and pre-purchase homeownership counseling.

Our **foreclosure prevention** counselors are dedicated to working with you and your bank to help resolve or prevent mortgage delinquency.

**Pre-purchase homebuyer education** helps first time homebuyers determine how much house they can comfortably afford, learn about grant opportunities and much more!

Remember, all of our Housing Counseling Programs are free of charge. For more information and to schedule an appointment, call 1.888.354.6332 ext. 316



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The mission of Debt Counseling Corporation is to educate the general public about debt management options such as budgeting, refinancing, and a debt management program; to provide consumers consistent, superior, individualized service; to provide each consumer with the tools they need to develop and modify a budget which will allow them to maintain a dignified lifestyle.

Debt Counseling Corporation is also committed to assisting creditors with collecting consumer debt by helping avoid bankruptcy whenever possible and eliminating their financial burden.