

# You've got options when it comes to overdraft

An overdraft occurs when you don't have enough money in your account to cover a transaction, but the bank pays for it anyway.

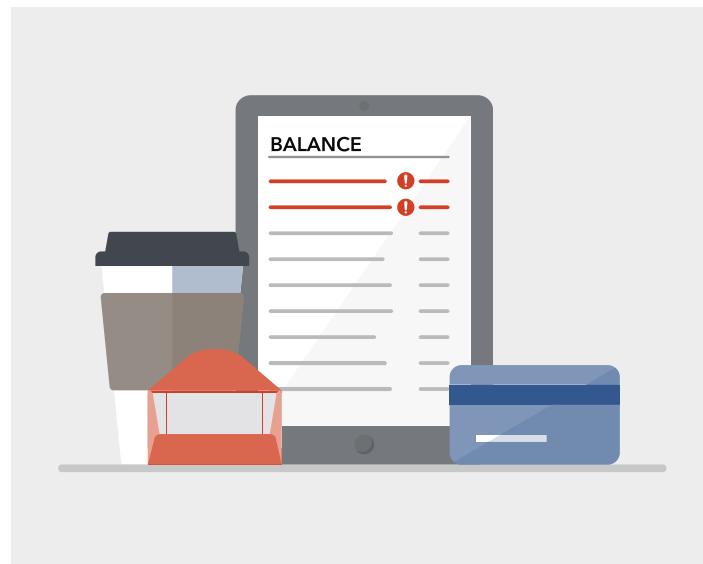
Transactions include ATM withdrawals and debit card purchases. Many banks and credit unions offer overdraft protection programs in which your institution will pay for the transaction and charge you a fee (in addition to requiring you to repay the overdraft amount). For most banks, the overdraft fee is a fixed amount regardless of the amount of the transaction. And, you could incur several fees in a single day.

## Overdraft programs are optional

You can choose not to have debit overdraft. Knowing your status allows you to decide what is best for you. Your bank or credit union can't charge you for overdraft fees on ATM or debit card transactions unless you're enrolled in an overdraft protection program.

If you decide not to enroll, your bank will likely decline ATM or debit card purchases when your account doesn't have enough funds to cover them, but you won't be charged a fee.

You should also keep in mind that banks and credit unions are allowed to charge you overdraft fees when the bank or credit union pays a check or



certain recurring electronic payments that would have overdrawn your account, even if you did not opt in to overdraft protection.

## How you can reduce or eliminate overdraft fees

- **You can opt out of overdraft protection programs anytime.** This means that your debit or ATM card may be declined if you don't have enough money in your account to cover a purchase or ATM withdrawal. However, it also means you won't be charged for these transactions.
- **Link your checking account to a savings account.** If you overdraw your checking account, your

bank will take money from your linked savings account to cover the difference. You may be charged a transfer fee when this happens, but it's usually much lower than the fee for an overdraft.

- **Ask your financial institution if you're eligible for a line of credit or linked credit card to cover overdrafts.** You may have to pay a fee when the credit line is tapped, and you will owe interest on the amount you borrowed, but this is still a much cheaper way to cover a brief cash shortfall.
- **Track your balance as carefully as you can and sign up for low balance alerts to let you know when you're at risk of overdrawning your account.** If you have regular electronic transfers, such as rent, mortgage payments or utility bills, make sure you know how much they will be and on what day they occur. You also need to know when the funds you have deposited become available for your use.
- **Shop around for a different account.** Get a copy of your bank or credit union's list of account fees, or ask about them, then compare them with account fees at other banks or credit unions. Assess your habits honestly and consider penalty fees, such as overdraft and non-sufficient funds charges, as well as monthly maintenance, ATM surcharge, and other service fees. When comparing banks or credit unions, also consider factors such as the hours of operation, locations, access to public transportation, available products and services, and reputation for customer service.

## Questions about overdraft fees or bank accounts?

Check out AskCFPB at [consumerfinance.gov/askcfpb](https://consumerfinance.gov/askcfpb) and search for your question or click the button that says "bank accounts and services."

### Submit a complaint

If you have a problem with overdraft fees or any other financial products, you can submit a complaint:



Online

[consumerfinance.gov/complaint](https://consumerfinance.gov/complaint)



By phone

Toll free: (855) 411-CFPB (2372)  
TTY/TDD : (855) 729-CFPB (2372)



By fax

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