

United States v. Associates National Bank (D. Del.)

On March 29, 1999, the United States filed a lawsuit against Associates National Bank of Delaware [ANB], a leading issuer of Visa and MasterCard bank cards, claiming that the bank violated the Equal Credit Opportunity Act [ECOA] by discriminating on the basis of national origin, specifically, against persons of Hispanic origin. Our [complaint](#) asserted that individuals applying for an ANB/UNOCAL MasterCard through the bank's Spanish-language application were processed through a separate approval system, which utilized a credit scoring system that required higher scores than those required for English-language applicants. As a consequence, some Spanish-language applicants were denied credit on a discriminatory basis. The United States also claimed that approved Spanish-language UNOCAL applicants were given lower credit line assignments than applicants processed through the English-language decision system. Finally, we contended that the bank offered different promotional credit services to those who applied through the Spanish-language system from those commonly offered to other customers. The United States estimate that as a result of ANB's actions, approximately 1,800 Hispanic applicants and customers who utilized ANB's Spanish-language applications were adversely affected.

Under the [settlement agreement](#) ANB will establish a \$1.5 million Compensation Fund to provide damages to hundreds of Hispanic applicants who faced stricter underwriting standards and less favorable credit terms and conditions than those who applied in English between late February 1996 and April 1997. Any funds remaining after all claims have been paid will be used for consumer education in Hispanic communities. This is the first fair lending case brought by the Department of Justice alleging discrimination in connection with credit cards.

The Office of the Comptroller of the Currency referred this matter to us.