

**SENATE . . . . . No. 498**

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**The Commonwealth of Massachusetts**

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**In the Year Two Thousand Nine**  
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An Act to require financial institutions to pay late fees when it fails to conduct an electronic transfer..

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Chapter 167B of the General Laws, as appearing in the 2002 official  
2 edition, is amended by inserting after section 10 the following new section:-

3 Section 10A. If a financial institution fails to pay a preauthorized transfer authorized by a  
4 consumer for any reason other than those stated in section 10, and as a result the consumer is  
5 charged with a fine, penalty and/or late charge, by a third party then said financial institution  
6 shall pay the third party or reimburse the consumer the fine, penalty and/or charge, and any  
7 interest associated with the failure to pay within 5 days of discovering the error by the financial  
8 institution or within 5 days of when the consumer reports to the error to the financial consumer.  
9 Should a financial institution who willfully and knowingly fails to comply with this section, then  
10 a consumer shall be entitled to treble damages as determined under clause (1) of subsection (a) of  
11 section 20 from said financial institution.