

# Matthew Knox and Peyton Phillips Consider: Are ‘Excessive’ Credit Card Late Fees Here to Stay?

*Conference on Consumer Finance Law (CCFL) Quarterly Report Article*

**In The News | 1 min read**

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In the latest issue\* of the *Conference on Consumer Finance Law (CCFL) Quarterly Report*, Hinshaw attorneys Matthew Knox and Peyton Phillips analyze a Consumer Financial Protection Bureau (CFPB) 2024 rule, which would have significantly impacted the financial services industry by slashing credit card late fees from \$30 to \$8 for large card issuers. However, the rule never took effect.

Matthew and Peyton trace the full lifecycle of the now-vacated Final Rule, from its policy origins under the Biden Administration through the landmark litigation in *Chamber of Commerce of United States v. Consumer Financial Protection Bureau* and the consent judgment that ultimately struck it down.

## Key Takeaways

### Historical Background

The article explains how the Truth in Lending Act (TILA) and the Credit Card Accountability Responsibility and Disclosure Act (CARD Act) established the framework for “reasonable and proportional” credit card penalty fees and the safe harbor amounts that have governed late fees since 2010.

### The Final Rule

In March 2024, the CFPB finalized a rule reducing safe harbor late fees to \$8 for issuers with one million or more open accounts, eliminating annual inflation adjustments for larger issuers.

### The Legal Challenge

A coalition led by the US Chamber of Commerce successfully argued that the rule violated the CARD Act by effectively preventing card issuers from imposing penalty fees altogether. This converts what Congress intended as a deterrence-based penalty into a mere cost-recovery mechanism.

## The Outcome

In April 2025, the parties entered a consent judgment vacating the Final Rule, with the court finding that the CFPB had “impermissibly assumed the role of commissioner” rather than serving as the “umpire” Congress intended.

## What’s Next

Although the Trump Administration aims to roll back the regulations set by the Biden Administration, future regulators may still attempt to reduce safe harbor fees, but they must preserve card issuers’ opportunity to charge penalty fees consistent with the CARD Act’s requirements. Credit card issuers of all sizes should continue monitoring the regulatory landscape.

[Read the full article \(PDF\)](#)

- *\*Conference on Consumer Finance Law (CCFL): “Are ‘Excessive’ Credit Card Late Fees Here to Stay?”* (Vol. 78, No. 4 and Vol. 79, No. 1, 2026)

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