

# Step Forward for Consumers in Class Action Lawsuit Against Teachers Federal Credit Union

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**20 June 2024.** The Supreme Court of the State of New York, Appellate Division: Second Judicial Department has affirmed a lower court's ruling in a putative class action lawsuit against Teachers Federal Credit Union (TFCU). The decision upheld the trial court's denial of TFCU's motion to compel arbitration and stay all proceedings and its motion to dismiss the complaint for lack of standing.

## Case Background

In 2020, the plaintiff initiated a class action lawsuit against TFCU, alleging breaches of the account agreement, including the imposition of certain illegal fees related to checking accounts. Before responding to the complaint, TFCU moved to compel arbitration and stay the proceedings, citing an arbitration provision added to the account agreement in December 2019. Additionally, TFCU sought to dismiss the complaint, arguing that the plaintiff lacked standing due to the refunding of disputed fees prior to the lawsuit's commencement.

## Key Arguments

The appellate court upheld the trial court's decision:

**Arbitration Agreement:** The court found that TFCU's arbitration amendment, which it tried to impose as part of an "eStatement" distributed after a related federal action had already been initiated, was not binding. The plaintiff expressly rejected this amendment through her counsel in January 2020 while the federal action was still pending.

**Standing:** The court ruled that TFCU's unilateral refund of the disputed fees did not invalidate the plaintiff's standing to pursue the class action.

## Broader Impact

This ruling is a significant victory for consumers, ensuring that their rights are protected even in the face of corporate attempts to compel arbitration or avoid valid complaints by picking off class-representatives with unilateral refunds designed solely to moot class representatives' ability to bring

class claims.

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