
Supreme Court Victory

2004-04-26

In a unanimous decision issued April 21, the U.S. Supreme Court sided with Wilmer and its clients, Household Credit Services, Inc. and MBNA America Bank, N.A., in ruling that the Federal Reserve Board reasonably interpreted the Truth in Lending Act (TILA) when it promulgated a regulation excluding credit card over-the-limit fees from the "finance charge" on consumers' periodic statements. The Court's decision reversed a contrary ruling by the Sixth Circuit.

In its decision, the Court agreed with Wilmer that the broad authority granted to the Federal Reserve Board under TILA permitted the Board to determine the proper classification of over-limit fees for credit cards, an issue not directly addressed by the statute. The Court held that the Sixth Circuit erred in substituting its own interpretation of the term "finance charge," which the Court found would have created a confusing and unworkable case-by-case system of billing disclosures for financial institutions.

Seth Waxman argued the case before the Court, and Louis Cohen, Christopher Lipsett and Noah Levine were also on the brief filed by Wilmer, in conjunction with lawyers from other firms.