

Chime Is Leading the Neobank Pack, But Complaints Are Flooding In

The fast-growing neobank is yards ahead of its competition in the world of mobile-only banking. Chime is first in mobile banking downloads across all financial institutions in the first half of 2021. But hundreds of customers are complaining to the CFPB and thousands to the Better Business Bureau. Could the mounting frustration slow Chime's momentum?

By **Garret Reich**, Editorial Associate with **The Financial Brand**

As far as neobanks go, Chime is one of the most sought-after by consumers. Less than a decade old, it's at the top of its game, having raked in an estimated 12 million customers. Yet, Chime also seems to have generated a disproportionate share of unhappy users — it had 965 complaints filed with the Consumer Financial Protection Bureau from April 2020 to July 2021.

The complaints are unnerving. People are claiming they cannot access their Chime accounts. 205 complaints are categorized as “closed accounts,” according to an **extensive analysis** by ProPublica. The publication notes, however, that “the CFPB’s complaints are labeled inconsistently, and many of the [others] also detail problems involving accounts that were closed against customers’ will.”

For comparison's sake, Wells Fargo — with a customer portfolio six times the size — has just a third of Chime's complaints (at 327) for the same time, which were also categorized as closed accounts.

Chime also has a problem with the Better Business Bureau. With a 2.22 (out of 5.00) rating, the neobank's BBB profile reports 4,520 complaints in the last three years with over half of those (2,501) submitted between July 2020 and 2021. Wells Fargo's first listing in the BBB database (there are sometimes several for a single institution) has 3,215 complaints in the last three years and 1,067 in the last year.

Current, another fast-growing neobank, which has four million customers, has far fewer BBB complaints: 573 in the last three years and 524 in the last twelve months.

What Frustrated Customers Are Saying

Jonathan Marrero had his Chime debit card declined when he took his twin toddlers to a New Jersey Applebee's for lunch. And, to make the situation worse, it was the only form of payment he had on him at the time, as reported by Carson Kessler in the ProPublica article.

The third round of stimulus checks had already been approved and he hit his bank account only the day before, which left his balance at just short of \$10,000, according to the article.

Marrero tried logging in to his mobile Chime account, but he couldn't. In his inbox, Marrero found an email from Chime: "We regret to inform you that we have made the decision to end our relationship with you at this time. Your spending account will be closed on March 18, 2021."

Marrero is not the only one to be struck down by a closed Chime account with no explanation. Two private Facebook groups, "**Chime Bank has FAILED**" and "**Chime Thieves**" suggest a much broader problem.

Facebook Group 'Chime Thieves' Description:

Have you been ripped off by Chime Bank? Was your account hacked? WANT JUSTICE? Bank Victim or Victorious? Help us take consumer action against this ruthless bank!! Friends don't let friends bank with chime!!! Share this group and make it known that we won't go down without a fight!!"

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How Chime Responded

The complaints on the CFPB website and BBB look like they've been resolved. They're marked as "closed with explanation," which means a company is taking care of the dispute privately with the customer and working to respond to the rest of the complaints.

Chime attributes most of its customer complaints to its crackdown on potentially fraudulent accounts, according to a statement issued to ProPublica by spokesperson Gabe Madway.

"As a leader in the US payments ecosystem and as part of our commitment to Chime members, we take seriously our responsibility to detect and prevent fraud," Madway said.

Madway added that Chime is proud of its "robust anti-fraud efforts" and "while it's important for us to fight fraud, our top focus will always be to take care of our members." He acknowledged that, although the neobank can try its best, "we do make mistakes."

Diving deeper, ProPublica interviewed 13 current and former Chime customer who had their accounts closed or frozen and later discussed the results with Chime representatives to confirm the stories. Of the 13 complaints, the neobank says five were well-founded, and could provide documentary evidence of fraud in the case of two others.

Kessler writes, however, that the other six complaints were not as clear. Chime maintains those particular cases were fraudulent or were in violation of the company's terms. Yet, Kessler says these customers told him they tried to open an account with either a federal stimulus check or unemployment insurance, consistent with Chime marketing.

"In those instances, Chime said it or its bank partners had closed the accounts, but returned the funds to customers," Kessler reports.

(*Read More: [Is Challenger Bank Chime the Future of Retail Banking?](#))*

A Run-in With Regulators (And the Lack Thereof)

Seeing as they do not have the same and equal regulatory oversight as traditional financial institutions, neobanks without banking charters are playing in a different compliance game. As Alex Horowitz, Senior Research Officer for the Consumer Finance Project at the Pew Charitable Trusts, told ProPublica, it's a "regulatory no man's land."

"When you have a fintech that is the consumer interface, they don't have a primary regulator," Horowitz continues. "They're primarily regulated as a vendor to the existing bank, because banks are required to manage their vendors and they're responsible for third-party relationships. But it's still a step removed."

Chime's two partner banks are Stride Bank and The Bancorp Bank.

Chime has had a run-in with a regulator. As widely reported, the California Department of Financial Protection and Innovation, while investigating complaints about an outage of Chime's computer systems, found the company was describing itself as a bank, in violation of state law.

While the neobank agreed to a settlement in March 2020 and it made all the required changes, one can argue the website is still confusing. It advertises in large letters on the company's homepage its tagline: "Banking that has your back." But, a bit lower on the page, it reads (in much smaller letters) "Chime is a financial technology company, not a bank."

Is It a Growing Pain?

Despite all this, Chime is hugely popular. It clearly leads U.S. neobanks in number of users and Insider Intelligence estimates the Chime will reach 13.1 million users by the end of the year. On top of that, Apptopia reported Chime was **the most downloaded digital banking app** for the first two quarters of 2021, with 6.4 million installs.

(*Dig Deeper: [Chime Leads U.S. Neobanks With Aspiration and Current on Its Heels](#))*

And its growth has been exponential. From its founding in 2013 to 2020, it grew its customer base to eight million. Then, in just over a year, it garnered another four million customers, according to Cornerstone Advisors.

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