



**PA 22-96**—sHB 5214

*Banking Committee*

**AN ACT CONCERNING THE CLOSING OF ACCOUNTS AT FINANCIAL INSTITUTIONS**

**SUMMARY:** This act requires financial institutions, when closing a deposit account (e.g., a personal checking or savings account), to generally notify the account holder about why the account is being closed.

Specifically, financial institutions must (1) mail the depositor a written notice explaining the reason the account was closed or (2) if the depositor has consented to electronic correspondence (i.e., electronic statements), send the notice electronically. Either way, the institution must send the notice to the mailing or email address on record within 10 business days after closing the account.

Under the act however, financial institutions do not have to provide this notice if state or federal laws or regulations prohibit it or if they are closing the account due to:

1. a reasonable belief that the account is being used for fraudulent or illegal activity, or that at least one of the depositors is engaging in fraud or illegal activity;
2. information indicating a local, state, or federal law enforcement or regulatory agency is investigating the account or account holders for fraud or illegal activity;
3. a request or order from a court or local, state, or federal law enforcement or regulatory agency to not provide certain information to the depositor; or
4. a reasonable belief that providing the notice may put a financial institution's employee at risk of physical or emotional harm by the depositor.

Additionally, a financial institution is not required to provide the notice described above if it complies with any other state or federal law on providing account closure notices.

Under existing law and the act, a “deposit account” is any account into which deposits can be made that is held by a natural person; it excludes a general or limited partnership account or sole proprietorship business account (CGS § 36a-316).

The act also makes technical changes (§ 2).

**EFFECTIVE DATE:** October 1, 2022