

Gift Card Win for Wells Fargo

Client:	Wells Fargo Bank
Industry:	Financial Services
Area of Law:	Financial Services Litigation
Venue:	U.S. District Court for the Central District of California
Result:	Defeated gift card class action



“Impressive result!”

—Bill Reichert, Senior Counsel, Wells Fargo Bank

A Wells Fargo Visa®-branded gift card purchaser sued Pillsbury client Wells Fargo for claimed violations of the California Consumers Legal Remedies Act and Unfair Competition Law, seeking class action status. Alleging that the gift cards were not “easy to use,” and were subject to numerous holds and other conditions that were not as represented, plaintiff sought to represent a class of all gift card purchasers. With millions of these gift cards sold, Wells Fargo faced significant potential liability, and the bank turned to Pillsbury for help.

Plaintiff argued she had no pre-purchase access to the cards and therefore should not be held to the user agreement’s terms, including its arbitration clause. But the court agreed with us that the plaintiff was legally prevented from denying access to the packaging and the gift card before purchase, and that the parties were bound to the card-user agreement terms, including mandatory arbitration—without the right to bring a class action.

By convincing the court that the gift card’s arbitration provision was enforceable, the Pillsbury team eliminated the threat to Wells Fargo of a consumer class action, effectively ending the litigation. The case also set an important precedent as the Consumer Financial Protection Bureau now considers the use of arbitration clauses in consumer financial contracts.