Wells Fargo foreclosed on 500 people due to 'calculation error'

Hundreds of people were foreclosed on and lost their homes thanks to an internal calculation error on the part of Wells Fargo, the bank confirmed Tuesday.

The foreclosures happened after the homeowners had asked Wells Fargo for assistance in the form of modifications to their mortgages. However, an “automated calculation error regarding foreclosure attorneys’ fees” erroneously led the bank to turn down those requests for help.

Wells Fargo spokesman Tom Goyda told Inman in an email Tuesday that about 545 people were ultimately forced into foreclosure sales as a result of the error.

“We’re very sorry these errors occurred and have contacted a substantial majority of the affected customers to provide remediation as well as the option to pursue no-cost mediation with an independent mediator,” Goyda said in the email.

He added that error affected “certain accounts that were in the foreclosure process between March 15, 2010 and April 30, 2018.”

Reuters reported that a total of 870 customers were denied mortgage assistance, though not all of them ultimately lost their homes.

Wells Fargo did not immediately provide Inman with information about when the foreclosures occurred or where the homes were located.

The bank learned of the errors after conducting an internal review. It initially reported in August that an error led it to deny mortgage modifications to more than 600 homeowners, leading to about 400 foreclosures.

However, Goyda said Tuesday that an "expanded review" turned up even more customers "whose mortgage modification decisions were impacted" by errors. He added that while the errors led the bank to deny mortgage modifications, "the foreclosures themselves weren't necessarily improper."

Wells Fargo is no stranger to controversy. Regulators this year have repeatedly slapped the bank with billions of dollars in fines over mortgage and insurance scandals, for example, and last year the company ousted its head of consumer lending over disparaging "communication" with a former executive. The list of scandals goes on, with the most infamous perhaps involving Wells Fargo employees who allegedly met sales targets by enrolling existing customers in new accounts without their knowledge or consent.

The company has deployed marketing campaigns meant to rehabilitate its image, but still faces intense criticism. Tuesday afternoon, Alys Cohen, staff attorney for the National Consumer Law Center, slammed Wells Fargo, wondering to *The Washington Post* "why don't we know more about how this happened?"

"It is really astounding that it has taken so long to find these problems, and it is not at all clear that this is the end of it," Cohen told the *Post*. "A homeowner in distress deserves better."

Email Jim Dalrymple II

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