



FIGHT AGAINST POLITICALLY MOTIVATED DEBANKING BUILDS MOMENTUM - THE CENTER SQUARE

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Over the past few years, more Americans were surprised to learn that their bank suddenly closed their accounts, purportedly for their political views.

The process is called debanking, when a bank chooses to kick a customer out, often without any notice or explanation.

Critics say the Biden administration encouraged banks to remove politically controversial customers in the name of reputational risk. Florida's Chief Financial Officer Jimmy Patronis sent a letter to U.S. Rep. Jim Jordan, R-Ohio, calling on him to investigate federal pressure on banks to oust customers.

"Debanking has exploded under Biden-Harris administration," the letter said. "It must stop and bad actors must be held accountable.

"When customers are debanked and frozen out of their accounts, it's often without justification or notice," he added. "In addition, the use of 'risk profiles' likely includes subjective factors, such as political expression or Second Amendment rights, that amount to a social credit system."

The fight against debanking is picking up steam. JPMorgan Chase last week announced that it is changing its Code of Conduct to prevent debanking for religious or political reasons.

"This is a major victory for free speech and religious freedom in the marketplace," said Jeremy Tedesco, senior counsel at Alliance Defending Freedom, a religious freedom group that has been active on the issue. "As the nation's largest bank, Chase sets the platinum standard for financial institutions throughout the country and the world. No American should ever fear losing access to their bank account because of their religious or political views, and we are glad to see Chase taking tangible steps to implement these critical protections. We expect Chase's new policy to set the standard for the rest of the financial industry."

Chase never admitted to debanking, but ADF points out that in 2022, U.S. Ambassador Sam Brownback's National Committee for Religious Freedom was debanked.

U.S. Sen. Tim Scott, R-S.C. introduced legislation to fight the practice of debanking. His bill would remove “reputational risk” as a factor that federal regulators consider for financial institutions.

Scott’s office announced that The American Bankers Association, the Bank Policy Institute, the Blockchain Association, the Financial Services Forum, as well as the Online Lenders Alliance endorsed the bill.

“This discriminatory and un-American practice should concern everyone, which is why I’ve led my colleagues in working to find tangible solutions,” said Scott, who is chair of the Senate Banking Committee. “It’s clear that federal regulators have abused reputational risk by carrying out a political agenda against federally legal businesses. This legislation, which eliminates all references to reputational risk in regulatory supervision, is the first step in ending debanking once and for all.”

The Trump Organization this month filed a lawsuit against Capital One, alleging its accounts at the bank were closed for “political reasons” in June 2021.

“The decision by Capital One to ‘debank’ our company, after well over a decade, was a clear attack on free speech and free enterprise that flies in the face of the bedrock principles and freedoms that define our country,” the president’s son, Eric Trump, wrote on X. “Moreover, the arbitrary closure of these accounts, without justifiable cause, reflects a broader effort to silence and undermine the success of the Trump Organization and those who dare to express their political views.”

Capital One Bank [denies](#) the allegations.

Eric Trump went on to argue the lawsuit is necessary to hold companies accountable.

“Businesses should not be targeted or punished for their political affiliations,” the letter said. “The actions taken by Capital One and other major financial institutions represent a dangerous precedent that could threaten the operations of countless businesses across the nation, particularly those with a strong and independent voice.”

Alabama State Auditor Andrew Sorrell and 25 other state officials signed and sent a letter to leaders in the U.S. Congress calling for action on the issue. Sorrell told The Center Square the he, a gun store owner, was debanked multiple times. Sorrell says he was debanked because he is a gun store owner and that other owners are experiencing the same thing.

“As state financial officers, we believe that politicized debanking poses a serious threat not only to our nation’s economy and Americans seeking a fair and competitive financial system, but also to the financial health and reputation of the financial institutions engaging in this practice,” the letter said. “We support efforts that will bring us significantly closer to ending politicized debanking. As such, we enthusiastically support the reforms contained in the FIRM ACT.”