Third Party Payment Processors Association Files Amicus Brief in the Matter of Sheridan v. Ally Financial, Inc.

Washington, D.C, District of Columbia Jan 6, 2026 (Issuewire.com) - The Third Party Payment Processors Association (TPPPA), a not-for-profit industry trade association representing the interest of Third-Party Payment Processors and Banks, filed an amicus brief on December 29, 2025, in the matter of *Sheridan v. Ally Financial, Inc.*

The TPPPA determined that it was important to file this brief to assist the Court by providing industry background on payment processing services and to address a significant misunderstanding related to how payment processors and money transmitters function in ordinary consumer payments, such as making payments and paying bills.

This case concerns payments made to Ally Financial, Inc. ("Ally") through two different third-party payment processors, ACI Pay ("ACI") and CheckFreePay ("CFP"), who operated as money transmitters, on behalf of the plaintiff (Sheridan) who elected to use their services to deliver split loan payments to the lender Ally to facilitate a payment on a vehicle loan. The plaintiffs then convinced the district court to certify a classwide action against Ally based upon the false premise that the service fees charged for the electronic delivery of these payments, was for the benefit of the collector Ally, rather than fees charged and retained by the payment processors related to the delivery of expedited electronic payment(s) authorized by the plaintiff.

The TPPPA argues in the brief that not all payment processing transactions are considered to be money transmission, in which the payment processor takes possession of funds during the transmission of those funds intended for another entity (e.g. Ally), but are frequently an ***optional, consumer-approved fee paid directly to the payment processor for the delivery service of fast and secure electronic payments***.

"Merchants and lenders, like Ally, frequently select multiple electronic payment delivery service providers, like those facilitated by ACI and CFP, to provide consumers with multiple convenient payment options to choose from." Said Marsha Jones, President of the TPPPA. "Just like a consumer can elect to purchase a stamp to deliver a physical payment through the U.S. Mail or elect for a faster and more efficient delivery by utilizing a more costly, but efficient, delivery option like Fedex, ***the fees charged are selected by and paid for by the consumer directly to the service provider for the delivery of the payment***. No part of the convenience (delivery) fee is sent on to the collector." continues Ms. Jones.

The appellee's counsel has already signaled their intention to replicate this flawed theory in other states, inviting copycat litigation which would predictably result in higher costs and few consumer-friendly electronic payment delivery options, harming both the payments ecosystem and the consumers who choose to pay their bills utilizing electronic payment delivery options provided by payment processors.

The TPPPA urges its members and industry participants to take note of this important case. Should the plaintiff prevail in this flawed legal theory, (which has already been utilized by in **Williams v. PennyMac Loan Services LLC** in the U.S. District Court for the Middle District of North Carolina,) considerable disruption will result impacting both consumer payments and the electronic payment processing industry.

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Source : Third Party Payment Processors Association

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