

Lawyers face objections to multimillion-dollar fees after no-cash settlement with Schwab



A recent no-payout class action settlement with Charles Schwab & Co. has sparked controversy—not over the settlement itself, but over the multimillion-dollar attorney fees being requested in its wake.

Plaintiffs' attorneys in a class action accusing Schwab of discriminatory lending practices are asking a federal judge in Oakland, California, to approve nearly **\$19.5 million in legal fees**—despite the fact that the agreement delivers **no direct monetary relief** to the class members. The proposed settlement, instead, focuses on **policy reforms and diversity training measures**, an outcome that some critics say falls short of meaningful redress.

The case, originally filed in 2023, centered on allegations that Schwab systematically denied loans or financial products to Black consumers at disproportionately higher rates than white applicants. Although Schwab did not admit wrongdoing, it agreed to implement several internal reforms. The settlement's non-monetary benefits include changes in lending practices, expanded oversight, and company-wide diversity initiatives.

But the lawyers' fee petition is raising eyebrows. **Class members, consumer advocacy groups, and even**

some legal experts are questioning whether an eight-figure payday is appropriate in a case that yielded no cash payout.

Court Faces Mounting Pushback

U.S. District Judge Vince Chhabria has yet to rule on the request, but the backlash is growing. Critics argue that the attorneys are prioritizing profit over the interests of the class. Some objectors have filed formal challenges to the proposed fees, asserting that the legal team should not be rewarded with millions for a settlement that left plaintiffs without compensation.

This isn't the first time courts have scrutinized high attorney fees in low-recovery or no-recovery class actions. The Schwab case has reignited a broader conversation about the role and limits of contingency fee structures—especially when settlements emphasize corporate reform over financial restitution.

Attorneys Defend Their Work

In their defense, the legal team contends that the settlement provides substantial value to affected consumers, even in the absence of direct monetary compensation. They argue that systemic policy shifts and company-wide change can have long-lasting impacts that justify their fee. The attorneys also highlight the complexity of the litigation and the time invested in pursuing accountability from a major financial institution.

Still, critics remain unconvinced. They warn that rewarding law firms so generously for non-cash settlements may undermine public trust in the class action system. As the court weighs the fee request, the outcome may set a precedent for how such cases are evaluated in the future.

A Broader Legal Debate

The Schwab fee dispute touches on deeper issues within the class action landscape: **What constitutes meaningful victory? Should attorneys be compensated primarily based on results—or on effort and intent? And when, if ever, is a no-cash settlement sufficient justification for a multimillion-dollar payout?**

As Judge Chhabria prepares to rule, this case could become a benchmark in evaluating fee fairness in reform-based class actions. Legal observers, consumer advocates, and corporate defendants alike are watching closely.

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