

UNITED STATES DISTRICT COURT FOR THE MIDDLE DISTRICT OF
ALABAMA, NORTHERN DIVISION

Dorshanni J. Kelly, et al. v. Wells Fargo Home Mortgage, Inc.

Kelly · No. 2:25-cv-568-ECM · Decided April 6, 2026

SUMMARY

The United States District Court for the Middle District of Alabama remanded a removed state-court action involving alleged improper mortgage-account charges. The court held that the defendant failed to establish by a preponderance of the evidence that the amount in controversy exceeded the diversity-jurisdiction threshold because the claimed interest was prejudgment interest and therefore excluded from the jurisdictional calculation. The court denied pending motions as moot and terminated all pending deadlines and hearings.

CASE DETAILS

COURT	United States District Court for the Middle District of Alabama, Northern Division
WRITING FOR THE COURT	Emily C. Marks
JURISDICTION	United States District Court for the Middle District of Alabama, Northern Division
DECIDED	April 6, 2026
DOCKET	2:25-cv-568-ECM
DISPOSITION	remanded
PROCEDURAL POSTURE	Defendant removed a state-court action to federal court based on diversity jurisdiction. The district court sua sponte examined subject matter jurisdiction and remanded the action to state court for failure to establish the amount-in-controversy requirement.
STANDARD OF REVIEW	The district court independently examined subject matter jurisdiction sua sponte. Because the court questioned the removing defendant's jurisdictional allegations, the defendant was required to establish by a preponderance of the evidence that the amount in controversy exceeded the jurisdictional threshold.
PRECEDENTIAL VALUE	unpublished
PARTIES	Dorshanni J. Kelly, et al. v. Wells Fargo Home Mortgage, Inc.

TOPICS

subject matter jurisdiction

prejudgment interest

remedies

damages

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PRACTICE AREAS

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removal and remand

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QUESTIONS PRESENTED

1. Whether the amount in controversy for diversity jurisdiction may include the interest sought by plaintiffs.
2. Whether the defendant established by a preponderance of the evidence that the amount in controversy exceeded \$75,000.
3. Whether the case should be remanded for lack of subject matter jurisdiction.

HOLDINGS

1. The plaintiffs' requested interest was prejudgment interest arising solely from delay in payment, not interest owed as part of an underlying contractual obligation, and therefore was excluded from the amount in controversy.
2. Defendant failed to show by a preponderance of the evidence that the amount in controversy exceeded \$75,000.

KEY QUOTATIONS

“Defendant has not shown that the amount in controversy requirement is satisfied. Because the Court lacks subject matter jurisdiction over this case, it must remand.”

“But the interest sought by Plaintiffs would not be included under either approach because it was not owed to Plaintiffs by Defendant under the contract at issue.”

FACTUAL BACKGROUND

Plaintiffs alleged that Wells Fargo improperly charged their mortgage account \$63 per month for approximately three years, resulting in a claimed principal loss of \$1,856. They also sought interest compounded at a rate stated in the mortgage, allegedly continuing for fourteen years, and punitive damages. At the jurisdictional hearing, plaintiffs' counsel clarified that the requested interest was prejudgment interest rather than interest owed under the mortgage contract.

PROCEDURAL HISTORY

Plaintiffs filed claims for conversion and fraudulent concealment in the Circuit Court of Lowndes County, Alabama, seeking \$1,856 in compensatory damages, prejudgment interest, and punitive damages. Defendant removed the case, asserting that the requested contractual-rate interest caused the amount in controversy to exceed \$75,000. After a hearing concerning subject matter jurisdiction, the district court concluded that the interest sought was prejudgment interest excluded from the amount in controversy and remanded the case.

DISPOSITION

remanded

REMAND INSTRUCTIONS

The case was remanded to the Circuit Court of Lowndes County, Alabama. The clerk was directed to take all steps necessary to effectuate the remand; pending motions were denied as moot, and pending deadlines and hearings were terminated.

CASES CITED

- Brown v. Webster, 156 U.S. 328, 329 (1895)
- Univ. of S. Ala. v. Am. Tobacco Co., 168 F.3d 405, 410 (11th Cir. 1999)
- City of Vestavia Hills v. Gen. Fid. Ins. Co., 676 F.3d 1310, 1313 (11th Cir. 2012)
- Dart v. Cherokee Basin Operating Co. v. Owens, 574 U.S. 81, 88-89 (2014)
- Dudley v. Eli Lilly & Co., 778 F.3d 909, 913 (11th Cir. 2014)
- Whisenant v. Sheridan Prod. Co., 627 F. App'x 706, 709 (10th Cir. 2015)
- Principal Mut. Life Ins. Co. v. Juntunen, 838 F.2d 942, 943 (7th Cir. 1988)
- Transaero, Inc. v. La Fuerza Area Boliviana, 24 F.3d 457, 461 (2d Cir. 1994)
- Velez v. Crown Life Ins. Co., 599 F.2d 471, 474 (1st Cir. 1979)
- Brainin v. Melikian, 396 F.2d 153, 154-55 (3d Cir. 1968)
- SCP Distribs. LLC v. USA Wildcat Inv. Grp., LLC, 2024 WL 4554693, at *1, *3 n.5 (M.D. Fla. 2024)
- Mid-Atlantic Fin. Co. v. Select Car Co., 2015 WL 13357939, at *1, *3 (M.D. Fla. 2015)
- Vanderbilt Mortg. & Fin., Inc. v. Crosby, 2014 WL 5456544, at *1, *2 n.4 (S.D. Ala. 2014)
- Lott & Friedland, P.A. v. Creative Compounds, LLC, 2010 WL 2044889, at *2 (S.D. Fla. 2010)
- Regan v. Marshall, 309 F.2d 677, 678 (1st Cir. 1962)
- Grunblatt v. UnumProvident Corp., 270 F. Supp. 2d 347, 350 (E.D.N.Y. 2003)
- Meding v. Receptopharm, Inc., 462 F. Supp. 2d 348, 350-52 (E.D.N.Y. 2006)
- Edwards v. Bates County, 163 U.S. 269, 272 (1896)
- White v. Regions Bank, 2025 WL 2648249, at *3 (M.D. Ala. 2025)