



Consumer Federation of America

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AFTER FOUR YEARS, THE CFPB PROVES ITSELF TO BE AN EFFECTIVE AND ACCOUNTABLE REGULATOR

By listening to consumers, researching markets and cracking down on abuse, the CFPB has set a new higher standard for financial products and practices

Washington D.C.—Just four years since opening its doors, and two years after confirming a permanent director, the Consumer Financial Protection Bureau (CFPB) is hard at work protecting consumers. To date, the CFPB has returned \$10.1 billion in relief to consumers, taken steps to protect consumers from abusive payday lending and other practices and developed innovative tools to understand the consumer experience in the financial marketplace.

“The CFPB is a data-driven, deliberative and accountable regulator,” said Rachel Weintraub, legislative director and general counsel at the Consumer Federation of America (CFA). “Since 2011, the Bureau has developed an impressive track record of documenting patterns of abuse in the financial marketplace and taking decisive action to ensure that consumers are treated fairly.”

In the last year, the CFPB has:

- **Protected servicemembers from abusive, undisclosed fees.** The CFPB took strong action to protect servicemembers from abusive fees charged by the Kentucky-based Fort Knox National Company and its subsidiary, Military Assistance Company (MAC), for the failure to disclose certain fees charged to servicemembers. The high, undisclosed fees were charged to servicemembers that allowed the payment processor to directly deduct credit payments from their earnings through the military allotment process between 2010 and 2014. The companies were required to provide \$3.1 million in relief.
- **Worked to keep financial markets safe for vulnerable consumers trapped in a cycle of debt caused by payday loans.** In March 2015 the CFPB issued a working draft of its forthcoming payday loan rule – a critical first step to ensuring that consumers are protected from abusive practices such as poor underwriting, back-to-back lending and abusive access to a borrower’s bank account. The proposal would require payday, auto title and installment lenders to review a borrower’s ability to repay a loan in full and on time without additional borrowing.
- **Give consumers a voice in the financial marketplace.** In June 2015, the CFPB released a major improvement to its consumer complaint database which allows the public to

review the underlying stories. Since the ability to share narratives was launched, nearly 8,000 consumers have voluntarily shared their stories about mortgages, credit cards, payday loans, debt collectors and other products in their own words.

- **Ensuring consumers can obtain redress.** In March 2015, the CFPB released an extensive evidence-based, data-driven study on the use of predispute binding (or forced) arbitration required by section 1028(a) of the Dodd-Frank Act. The CFPB’s report found that the majority of balances at large institutions are covered by mandatory arbitration clauses, 81% of the prepaid cards examined contained arbitration clauses, and that arbitration clauses are complex and hard to understand. It is critical that the CFPB promulgate a rule to protect consumers from the consequences of predispute binding mandatory arbitration clauses in financial services contracts.

“The CFPB has established an impressive track record of success but there is still much more to be done,” said Tom Feltner, director of financial services at CFA. “Steadfast support from policymakers is critical to preserving a strong CFPB and ensuring that it has the ability to respond decisively to abusive practices.”

The Consumer Federation of America is a national organization of more than 250 nonprofit consumer groups that was founded in 1968 to advance the consumer interest through research, advocacy, and education.