



## Consumer Federation of America

### **FACT CHECK: THE CFPB'S RULE EXPANDS CHOICE FOR CONSUMERS**

Yesterday, the U.S. Department of the Treasury issued a [report](#) characterizing the Consumer Financial Protection Bureau's rule on forced arbitration as a "regulatory ban." According to CFA's analysis of the rule, this characterization is inaccurate.

**Myth:** The CFPB's rule bans consumers from resolving their claims through arbitration.

**Fact:** The rule provides groups of consumers with a *choice* on how to resolve their dispute. The rule permits groups of consumers to pursue their claims in arbitration proceedings, through the Court system, or any other option.

However, the rule stops companies from *forcing* consumers into arbitration proceedings. The current system allows financial companies to limit consumer choice. The rule restores this freedom.

Currently, consumers have recovered billions by pursuing group claims through the Court system, [compared to arbitration](#). When the rule takes effect, companies seeking to encourage resolutions through arbitration will likely make a greater effort to ensure that these proceedings are fair and transparent. If arbitration is more attractive than pursuing claims through the Court system, consumers will voluntarily choose this option.

*The Consumer Federation of America is an association of more than 250 non-profit consumer groups that, since 1968, has sought to advance the consumer interest through research, education, and advocacy.*