



Trump is Surrendering Servicemembers to Financial Abuse

Erin Witte

Director of Consumer Protection

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A halted Consumer Financial Protection Bureau jeopardizes our military.

The Trump-installed Acting Director of the Consumer Financial Protection Bureau (CFPB) Russ Vought has abruptly (and illegally) halted all of the Bureau's enforcement and supervision work. The CFPB employees who have not been fired are currently forbidden from doing their jobs. For the military community, crippling the CFPB is a callous withdrawal of key safeguards for servicemembers' finances.

The CFPB is the sole federal consumer protection agency with a statutory mandate to protect servicemembers and their families from predatory consumer financial practices. Military families have long been considered easy targets for unscrupulous lenders, and the events leading up to the 2008 financial crisis were particularly devastating for servicemembers, veterans and their families. As a result, when Dodd-Frank was passed and the CFPB was created, the law Congress passed specifically requires the Bureau to maintain an Office of Service Member Affairs to ensure that the financial wellbeing of the military community is a priority for the Bureau.

The CFPB supervises financial institutions' dealings with servicemembers, it is statutorily required to monitor and respond to servicemember complaints, and it must coordinate law enforcement when servicemembers are cheated and scammed. In its law enforcement capacity, the Military Lending Act (MLA) has been a crucial tool for the CFPB to shield military families from egregious financial abuses. But while Vought has defanged the CFPB and refuses to comply with these mandates, where does that leave servicemembers? More broadly, where does it leave our national security?

Financial readiness directly impacts military readiness. Disregarding the financial wellbeing of our military servicemembers in these politically charged stop-work orders jeopardizes our national security and should be immediately rectified.

Financial readiness affects military readiness and a halted CFPB jeopardizes national security.

Compliance with the Military Lending Act is not being monitored.

In the wake of the 2008 financial crisis, Congress gave the CFPB tools to monitor risky practices in the financial sector, including the ability to routinely examine financial companies which are not banks. The Bureau has used this authority to supervise payday lenders, large auto lenders, private student lenders, consumer reporting agencies, and others, and an important facet of the conduct it monitors is whether these companies are complying with the MLA. Because this type of supervision authority is unique to the CFPB, this means that while its supervision work is halted, no other agency is monitoring these companies to see if their conduct is likely to run afoul of the MLA. Supervision allows the Bureau to identify risky behavior before it turns into a violation of law, and it can stop violations early before they spread and harm more people. For example, this tool allowed the CFPB's supervision examiners to identify harmful practices related to military allotments (payroll deductions). Catching this problem prompted the examined providers to correct their failures and provide refunds.

During Trump's first term, he erroneously rolled back the Bureau's authority to supervise nonbanks for MLA compliance, sparking outrage from military and veterans' service organizations and many others. This authority was reinstated by the CFPB in 2021, allowing the Bureau to stymie risky practices that affected servicemembers, but Trump has once again abruptly and illegally halted this critical work. Military and veterans service organizations representing millions of current and former servicemembers, their families, and survivors are once again urging the Bureau to reinstate this supervision. Financial readiness directly impacts military readiness, and using our military as pawns in a game of political ping-pong jeopardizes our national security.

Lawbreakers are getting a free pass.

The CFPB also holds companies accountable when violate the Military Lending Act. The MLA caps interest rates at 36% and prohibits certain abusive contract terms, and the CFPB has a history of strong MLA enforcement against lenders like Title Max and venture capital-backed predatory lender LendUp. LendUp continued to violate the law and refused to comply with multiple court orders, prompting the CFPB to permanently ban it from making loans altogether. This dogged pursuit of companies that cheat military families is disturbingly absent while the Trump administration illegally halts all of the CFPB's enforcement work. Two of its pending cases are against predatory lenders for violating the MLA, but under Trump, the Bureau has signaled that it intends to walk away from all of its pending enforcement actions. It has already permanently dismissed its case against Solo Funds, a fintech company that disguised finance charges as "tips" and "donations."

One of the pending Bureau MLA cases is against MoneyLion. MoneyLion marketed its loans as "low-APR" with rates between 5.99% and 19.99%. But in reality, MoneyLion's loans were much more expensive and well in excess of the MLA's rate cap. It required servicemembers to pay monthly fees that were 15-20 times higher than the advertised APR, and it refused to let borrowers out of their contracts and stop incurring fees.

First Cash is the other pending CFPB MLA enforcement case, and FirstCash is a repeat MLA offender. Its predecessor company, Cash America, was ordered by the CFPB to stop violating the MLA in 2013, but rather than complying with the order and the MLA, it chose to gouge thousands of servicemembers with extremely high interest rates, frequently in excess of 200% annually.

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Should the Bureau drop these cases, the servicemembers who borrowed money from MoneyLion and First Cash will be trapped in predatory loans that create a treadmill of debt and leave them with no escape route. Halting enforcement and allowing predatory lenders to keep their illegally gotten gains sends the message that breaking the law does not have consequences and that Trump is siding with predatory lenders over military families.

Servicemembers and veterans cannot access the CFPB's vital complaint system.

Since the day it opened its doors, the CFPB has handled over 400,000 complaints from servicemembers, veterans and their families. These complaints have steadily increased each year, demonstrating the critical role of the Bureau to assist when servicemembers and veterans have trouble with a financial institution. By monitoring these complaints, the Bureau has been able to identify and address major problems for the military community with medical debt, digital payment apps, and student loans.

The Bureau is violating its Congressional mandate to monitor servicemember complaints.

But, thanks to Trump and Vought's stop work orders, there is no one monitoring the CFPB's complaint portal. This means that the Bureau is violating its statutory mandate to monitor servicemember complaints and even worse - military and veteran families are not receiving assistance from the CFPB.

Elon Musk's Conflict of Interest Directly Harms Servicemembers.

The rapid expansion of big tech firms into finance has been an acute pain point for servicemembers. Many active duty families move frequently and need fast access to funds so that they can pay rent and other expenses before they are able to switch or set up bank accounts. Digital payment apps can facilitate speed, but they can also leave servicemembers dangerously vulnerable to fraud and significant financial losses. Military families reported an overwhelming number of complaints to the CFPB about how app providers failed to provide basic customer service and protect their money from scammers. Servicemembers are key targets for scammers and frequent victims of identity theft. This leaves them particularly vulnerable to having money stolen from their payment app accounts, and complaints filed by the military community indicates that the app providers were frequently unhelpful in these situations.

The CFPB has taken the threat of tech and finance seriously, and it finalized a rule that would allow it to supervise big tech payment providers for compliance with consumer financial laws. This would allow the Bureau to examine well-known companies like Venmo and Zelle, but the rule has also drawn the ire of Elon Musk, who has made public his plans to turn X into a payments provider. Musk has called to delete the CFPB altogether and shortly after the Bureau finalized this big tech supervision rule, X's trade association sued the CFPB to kill it. And after Elon Musk and the DOGE invaded the CFPB, the new administration halted all of the Bureau's work, including designating any large nonbank financial companies for supervision. This means that X's payment platform will not be supervised by the CFPB while these stop-work orders are in effect. Given the volume of concerns raised by servicemembers about these digital payment app companies, stalling efforts to supervise their compliance with consumer financial laws is a major step backwards for shielding military families from scams and theft.

By attempting to defang the Bureau, Trump has effectively turned his back on our nation's all-volunteer fighting force and is welcoming scammers to prey on military families. This is a shameful way to repay those who have put their lives on the line for our country.