CONSUMER
ADVOCACY WEEK

Older Americans Deserve a Strong Consumer Financial Protection Bureau

In 2008, dangerous financial products – subprime home mortgages – nearly sank the American economy. The Consumer Financial Protection Bureau (CFPB) was created to keep history from repeating itself. Its mandate is similar to that of the Department of Agriculture's to keep the food supply safe, and the Food and Drug Administration's to keep tainted medicines off the market. The CFPB puts in place rules of the road for financial products and ensures those rules are followed so that our wallets, and ultimately, our economy, is safe. The Bureau was funded and set up in a way that carefully separates its work from the sway of special interests - mortgage brokers, Wall Street banks, payday lenders and the like, who have for years been trying to rig the political system in their favor.

Older Americans and housing

As of December 2011, approximately 3.5 million loans of people age 50+ were underwater — meaning homeowners owe more than their home is worth, so they have no equity; 600,000 loans of people age 50+ were in foreclosure, and another 625,000 loans were 90 or more days delinquent. From 2007 to 2011, more than 1.5 million older Americans lost their homes as a result of the mortgage crisis.

· The CFPB has cracked down on misleading claims by reverse mortgages lenders, who often prey on seniors. They have also offered guidance to seniors to help them understand reverse mortgages and assess the downside of those mortgages, including the possibility of losing their homes.

· The CFPB has put in place new rules to protect borrowers facing foreclosure, including allowing borrowers to potentially be eligible for than one loan modification.

· For older Americans looking to purchase new homes, the CFPB has made the mortgage market safer by:

○ Serving as a watchdog over non-bank mortgage lenders who had previously operated without any oversight, peddling abusive products that helped spark the financial crisis.

○ Putting rules in place requiring that home mortgages be structured based on what the borrower can actually repay.

○ Giving lenders incentives to make simple, easy to understand loans – basic 30-year, fixed-rate mortgages, without high upfront costs, balloon payments or other complicated provisions such as those that led to millions of foreclosures.

○ Simplifying the forms for mortgages so they are easily understandable

Banks and credit cards

Older Americans are carrying more credit card debt than ever before and **more, on average, than their younger counterparts.** Older Americans' credit card interest rates are consistently higher than those of younger adults. The CFPB is stringently enforcing laws that protect all Americans from unscrupulous or deceptive practices by banks and credit card companies. Recent highlights include:

· Uncovered abuse by Wells Fargo that resulted in $100 million in fines for practices including opening bank accounts and credit cards without consumers' knowledge

· Required First National Bank of Omaha to provide $27.75 million in relief to roughly 257,000 consumers whom they charged for credit monitoring services they did not receive and tacked on other deceptive products to the card for which they charged fees.

Payday loans

Older Americans make up a significant and growing share of payday borrowers. If left unchecked, that is likely to get worse as more and more Baby Boomers retire with Social Security – a steady source of loan repayment that makes this group particularly attractive to the payday industry. Already, research suggests payday lenders are clustering around government-subsidized housing for seniors and the disabled.

How CFPB helps

· The CFPB has drafted a rule that if finalized would go a long way toward ending the worst abuses of payday, car title and other kinds of high-cost, low-dollar lending. The new rule would require that lenders assess a borrowers' ability to repay the loan, based on that borrowers' assets and income, and then issue the loan only if it was reasonably likely that the borrower could repay it without taking out a new loan immediately after or going without other basic necessities like rent.

· The CFPB has aggressively enforced rules barring dishonest and abusive lending practices. Recent examples of this include:

o In December 2016, payday lender Moneytree was ordered to pay more than $500,000 in fines and refunds in a consent decree to settle allegations of deceptive advertising and collection practices.

o In May 2016, the CFPB filed suit against All American Check Cashing, Inc., for tricking and trapping consumers, keeping them from learning how much they would be charged to cash a check and making deceptive statements about the benefits of its payday loans.

Financial abuse

Financial exploitation – improper use of an older American's funds, property or assets – is the most common form of elder abuse. As many as 17 percent of Americans over age 65 report they have been the victim of some kind of financial exploitation.

How CFPB helps
In addition to cracking down on abusive industries, the CFPB has created numerous resources to help seniors protect what they have worked for all their lives. These include:

· Detailed guidance for banks on how to detect and combat financial exploitation of older Americans such as recommendations for offering "age-friendly products," like opt-in automatic cash withdrawals

· Report and recommendations for Congress and the Securities and Exchange Commission as well as for older Americans on financial planners claiming to be specially qualified to work with older Americans

Debt collection

Debt collection generated more complaints from older Americans to the CFPB than any other financial product or service. Collectors are notorious for harassing older consumers – hounding them about medical debt, attempting to collect on debts of deceased family members and threatening to garnish federal benefits. Until recently, there were no checks on this industry.

How CFPB helps

The CFPB has drafted a rule that once enacted will:
· Require debt collectors to confirm that the debt is real and that the person they are trying to collect it from is in fact the person who owes it before trying to collect
· Limit the number of times a debt collector can call, and keep debt collectors from harassing consumers at work
· Create clear, easy processes for consumers to dispute that they owe the debt, and halt collection efforts until the issue is resolved, if the consumer disputes owing the debt
· Require that debt collectors have proof that the debt is owed before taking the consumer to court