10 Ways that the CFPB is Working for You

The Consumer Financial Protection Bureau was created after the crisis of 2008 to bring basic standards of fairness and transparency to the consumerfinancial marketplace, including credit cards, mortgages, student loans, auto loans, checking accounts, and debt collection. In the Bureau's own words, its job is to make sure that "consumers get the information they need to make the financial decisions they believe are best for themselves and their families – that prices are clear up front, that risks are visible, and that nothing is buried in fine print."

Officially launched in July 2011, the CFPB has already made a positive difference for tens of millions of consumers, and is on the road to making a difference for tens of millions more. Here are 10 of the big things this new agency is doing to help people:

1. The CFPB has successfully required credit card companies to return $1.5 billion dollars to the consumers they ripped off with deceptive and fraudulent add on products, and reined in the practices that led to those abusive sales

Beginning in 2012, the CFPB has brought enforcement actions against Bank of America, American Express subsidiaries, Chase Bank, and Capitol One, resulting in more than $1.5 billion paid back to over 10 million consumers.

The agency, along with the other regulators involved in these actions, found that the companies pressured consumers into accepting expensive plans to protect their identity or cover bills in the event of disability or job loss. Additionally, some consumers were signed up for add-on products without their consent, or after having been led to believe that a product was free. In addition to paying restitution to consumers, credit card companies have paid almost nearly $100 million in civil penalties and have been ordered by the CFPB to end deceptive marketing and illegal activity.

For more information, see:
CFPB: CFPB Credit Card Enforcements

2. The CFPB has written rules to end mortgage loans that borrowers can't afford to repay, and has limited high fees and abusive payment structures

The CFPB's new mortgage rules require that lenders verify borrowers' ability to repay before making a home loan, and cordon off the kinds of high fees and deceptively-structured mortgages that were a central cause of the mortgage and financial crisis. The new rules give lenders an incentive to originate safer, more transparent, and more affordable loans to consumers. These reforms are designed to save borrowers and the greater economy from another wave of dangerous and unsustainable loans such as those that drove the housing and foreclosure crisis.

For more information, see:
U.S. News & World Report: Groundbreaking new mortgage rules are here
CFPB: What the new CFPB mortgage rules mean for families and homeowners
Americans for Financial Reform and the Roosevelt Institute: Dodd-Frank Measures Fundamentally Reform the Mortgage Market

3. The CFPB is standing up for borrowers and families struggling with student loans

In March 2014, the CFPB took its first public enforcement action against a company in the for-profit college industry, filing a lawsuit against ITT Educational Services, Inc. for engaging in predatory student lending practices that the agency argues are pushing students into high-cost private student loans that inevitably will default. In December 2013 the agency issued a ruling allowing it to supervise certain nonbank student loan servicers for the first time, bringing federal oversight to the nation's second largest debt market.

The bureau has also released important reports on student lending, shining a light on gaps in consumer protection, presenting data on the magnitude of the problem, and focusing on specific problems and abuses. Meanwhile, the Bureau is helping students get better information about the choices and options they have now, including, for example, with their online tool called "Paying for College," which makes it easier to compare financial aid offers, provides information on different kinds of loans, and offers tips on repayment. The Bureau's research has also notably assisted the U.S. Department of Education in its rulemakings to end unfair student loan disbursement practices on campus and to protect military families and veterans from egregious for-profit school practices.

For more information, see:
Americans for Financial Reform: Consumer Agency Files Lawsuit Against ITT for Predatory Lending Practices
CFPB: Paying For College Tool
CFPB: Private Student Loans

4. CFPB data collection and analysis has exhaustively documented serious abuses in the payday lending market

The CFPB reports on payday lending, which examined more extensive data than had ever been available before to anyone outside the industry, vividly demonstrated how frequently payday loans trap borrowers in debt. The studies found that the median loan issued was for $350, with an APR of 322 percent, that 80% of payday loans are rolled over or followed by another loan within 14 days, and that nearly half of borrowers had more than 10 loans in a year. They also found that monthly borrowers are the most likely to stay in debt for long periods—11 months or longer—and that the majority of monthly borrowers rely on government benefits like social security. These reports lay the foundation for consumer protection rulemaking, a process the CFPB is expected to begin soon.

In November 2013 the CFPB announced its first enforcement action against a payday lender, Cash America, winning $14 million in restitution for consumers because the company had overcharged service members and their families, violating the Military Lending Act. As part of the settlement, the CFPB also ordered the company to refund consumers for robo-signing court documents in debt collection lawsuits.

For more information, see:
CFPB White Paper: Payday Loans and Deposit Advance Products

[CFPB Data Point: Payday Lending]
[Americans for Financial Reform: AFR and More Than 100 Organizations Call on CFPB to Address Deceptive Payday Loan Market]

5. The CFPB is working to ensure fair and equal access to credit in markets such as auto lending

Auto loans are the third largest source of outstanding household debt, after mortgages and student loans. While the CFPB does not have jurisdiction over auto dealers, it does have jurisdiction over auto lenders and their lending programs. The Bureau also has a statutory responsibility to ensure fair and equal access to credit by enforcing the laws relating to credit discrimination, including the Equal Credit Opportunity Act (ECOA).

Many consumers seek financing for their automobile purchases directly from auto dealers, and many lenders have policies allowing auto dealers to issue mark-ups in ways that can result in pricing disparities on the basis of race, national origin, or other prohibited bases. Along with the Department of Justice, the Bureau has worked to combat credit discrimination by ordering Ally Financial Inc. and Ally Bank to pay $80 million in damages to the consumers that were harmed by their discriminatory markup policy. The CFPB and DOJ determined that more than 235,000 borrowers of color were hit with higher interest rates on their auto loans.

In March 2013 the CFPB issued a bulletin providing guidance to auto lenders to ease compliance with the law. The Bureau's guidance argued that potentially discriminatory markup policies, specifically in auto lending, can result in significant financial harm for consumers each year. There are signs that banks are taking notice of the Bureau's guidance. One bank – BMO Harris – has already acted in response to the Bureau's guidance by eliminating dealer discretion in the setting of interest rates on retail installment sale contracts.

For more information, see:
Americans for Financial Reform: Summary of Ally Bank Settlement over Loan Discrimination
CFPB: CFPB to Hold Auto Lenders Accountable for Illegal Discriminatory Markup
Center for Responsible Lending: The State of Lending in America & its Impact on U.S. Households: Auto Loans
Center for Responsible Lending: BMO Harris Bank Takes a Stand for Fair Auto Loans
National Consumer Law Center: New National Consumer Law Center Survey Finds Consumer Abuses in Auto Sales and Financing Are Common Throughout the United States

6. The CFPB has established new rules to help people who send money overseas

People in the United States transfer tens of billions of dollars to family members and others in foreign countries each year. New CFPB rules make it easier for people to know the cost of the transfer, making it easier to ensure that all the money goes where intended. The new rules also make it easier for people to compare prices because transfer companies must now provide information to consumers before the transaction is final. Such information that must now be disclosed before the transfer includes the exchange rate, fees, and taxes connected with the transaction. Customers also now have the right to cancel transfers within a short amount of time at no cost, and the rules also protect senders' rights if the correct amount of money does not arrive where it was intended.

For more information, see:
CFPB: Remittance Transfer Rule
CFPB: Summary of the Final Remittance Rule
Appleseed: Press release: New consumer protections for those sending money abroad

7. The CFPB is shutting down 'last dollar' scams that charge up-front fees for help that does not get delivered

'Last dollar' scams include deceptive mortgage servicing schemes, abusive debt collection tactics, and other bogus offers related to credit repair services and debt relief promises. These are called 'last dollar' scams because they target the often meager savings held by people in economically-distressed situations. Many scammers who target these consumers operate websites and store fronts that look like legitimate businesses.

The CFPB is taking action against these scams. For example, the Bureau filed a complaint in a federal district court in New York against two companies providing debt-relief services—Mission Settlement Agency and Premier Consultant Group—arguing that these companies charged consumers illegal advance fees. The CFPB is seeking to halt their illegal operations, and win relief for victims and penalties.

For more information, see:
CFPB: CFPB Takes Action Against Two Companies for Charging Illegal Debt-Relief Fees
CFPB: CFPB Takes Action Against Meracord for Processing Illegal Debt-Settlement Fees
CFPB: CFPB Files Suit Against Morgan Drexen for Charging Illegal Fees and Deceiving Consumers

8. The CFPB has put in place new rules on mortgage servicing

Servicer failures in the aftermath of the financial crisis have led repeatedly to preventable foreclosures; families losing their homes even when laws, settlements, programs or contracts said they should not. The costs for families, communities, and the economy have been staggering. New CFPB rules creating some protections for borrowers went into effect on January 19, 2014, and the CFPB has the supervisory and enforcement authority to demand that servicers follow them. The new rules include fair practices for on-time loans, such as requiring servicers to send monthly statements, to fix mistakes promptly, and to make credit payments on the same day they are received, along with practices to help borrowers who are behind and need loan modifications to avoid foreclosure, like prompt and clear responses to requests for help. These are useful steps, but there is also much more the CFPB can and should do going forward to make the system work for families trying pay their mortgages and stay in their homes.

For more information, see:
CFPB: What the new CFPB mortgage rules mean for families and homeowners
NCLC: National Consumer Law Center Statement Regarding CFPB Mortgage Servicing Rules
CFPB: CFPB Releases New Mortgage Rule Resources for Consumers

9. The CFPB is beginning to monitor the out-of-control world of credit reporting and debt collection

The CFPB has not yet published any rules on credit reporting, but it is already making the system work better for consumers in a number of ways. Early in 2014 the CFPB urged big banks and credit card companies to offer free credit scores for consumers on their monthly statements. This action would protect consumers from identity theft by arming them with more information, and would also save consumers millions of dollars by removing the incentive many people have to sign up for over-priced subscription credit score monitoring products. One company, Discover Bank, has implemented this practice. The CFPB is also working with the biggest credit card companies on a voluntary program to make the 'real' credit scores – the scores actually used by lenders – available for no charge to their customers on monthly statements.

The CFPB is also impacting how credit bureaus address consumer complaints. The agency has been able to convince the "big three" credit bureaus, which function as gatekeepers to financial and employment opportunity, to improve complaint reinvestigations by improving the transfer of paperwork between consumers and creditors investigating disputes. Previously, credit bureau employees had converted consumer documents into a two-digit code referencing their problems. Supporting documents as well as the substance of the complaint often get lost in the shuffle. Now, a CFPB bulletin has clarified that furnishers must review all relevant information provided with the disputes, including documents submitted by consumers.

Additionally, the agency has started collecting information that will help them write consumer protection rules on debt collection. The CFPB has issued an Advanced Notice of Proposed Rulemaking on debt collection, calling for feedback and information on the marketplace—a first step toward considering consumer protection rules for this market. The Bureau has begun accepting complaints on debt collection through the public consumer complaint database.

For more information, see:
CFPB: Key Dimensions and Processes in the U.S. Credit Reporting System
National Consumer Law Center: CFPB Delivers for Consumers on Credit Report Issues
CFPB: CFPB Calls on Top Credit Card Companies to Make Credit Scores Available to Consumers
CFPB: CFPB Puts Companies on Notice About Duty to Investigate Consumer Credit Report Disputes

10. The CFPB has created a consumer complaint system and database to help consumers get responses from financial services companies when they have a problem, and to help the Bureau and the public understand the market

The CFPB has created a consumer complaint system and database that allows consumers to submit complaints on credit cards, student loans, mortgages, debt collection, and more. This system puts companies on a timeline for responding to consumer complaints. And it makes the whole process visible both to the regulator – the CFPB – and to the public. The Bureau's complaint database is publically searchable, so that consumers, advocates, regulators, and industry players can identify what issues and what companies are being complained about, and whether or not the companies resolve those complaints. The database lets consumers understand how others are faring in the marketplace. It is also a good source of information for the Bureau, highlighting where consumers are facing problems, and where it needs to focus educational, supervisory, enforcement, or rulemaking efforts to improve specific markets, products or practices.

Many consumers have gotten help through the system, including both monetary relief (like fees refunded) and non-monetary relief, such as errors fixed on credit reports or an end to harassing phone calls from debt collectors. And many companies are monitoring the database, and even looking for ways to solve problems before the open complaint system brings them to public attention. To submit a complaint, consumers can:

- Go online at www.consumerfinance.gov/complaint
- Call the toll-free phone number at 1-855-411-CFPB (2372) or TTY/TDD phone number at 1-855-729-CFPB (2372)
- Fax the CFPB at 1-855-237-2392
- Mail a letter to: Consumer Financial Protection Bureau, P.O. Box 4503, Iowa City, Iowa 52244

For more information, see a **series of five reports** by the U.S. PIRG Education Fund that analyze the complaints in the CFPB's public Consumer Complaints Database

In addition to the complaint system, the CFPB offers a variety of resources for people who want to learn more about navigating the financial system; find a list here: ***CFPB Resources***

➢ And more! The CFPB has already made major strides in a number of areas of consumer financial protection, to make markets safer and fairer, and to put money back into the pockets of people who have been cheated. But there is even more left to do, and we need the CFPB to keep at it. Just a few examples of crucial projects the CFPB has already begun:

- Writing rules on debit cards, to make sure they do not act as credit traps for consumers, safely store user's funds, and don't come with unfair and costly fees attached.

- Studying the impact on consumers of forced arbitration in consumer financial markets. The CFPB is empowered by law to limit or end this 'get out of jail free' tactic by industry, and doing so would help consumers hold financial services accountable for illegal and predatory practices.

- Writing rules on fair practices for debt collectors, and on payday lending abuses.