

CFPB Bites of the Month - October Top 10: Ghosts, Goblins & the Spooky CFPB

November 1, 2022 | [Eric L. Johnson](#) and [Justin B. Hosie](#)

In this month's Top 10 article, we share some of our top "bites" for the prior month covered during the October 19, 2022, webinar.

So, what happened last month?

Extra Bite: CFPB Releases Special Edition of Supervisory Highlights on Student Loan Servicers and University-Owned Lenders

On September 29th, the CFPB released a special edition of their "[Supervisory Highlights](#)" addressing student loan servicers and schools that lend to students. The CFPB indicated that schools improperly imposed blanket policies to withhold transcripts, forcing students to make payments. The CFPB also alleged that some federal loan servicers improperly hampered borrower access to federal student loan payment relief and loan cancellation requests made through Income-Driven Repayment, Teacher Loan Forgiveness, and Public Service Loan Forgiveness. The CFPB claimed that some servicers illegally misrepresented borrower eligibility dates and the number of payments the borrower needed to make to qualify for relief. Servicers also allegedly provided misinformation about progress toward loan forgiveness during the pandemic payment suspension.

Bite #10: Agencies Announce Dollar Thresholds in Reg Z and Reg M for Exempt Transactions

The CFPB and the Federal Reserve Board [announced](#) the 2023 dollar thresholds used to determine whether certain consumer credit and lease transactions in 2023 are exempt from Regulation Z (Truth in Lending) and Regulation M (Consumer Leasing). Based on the annual percentage increase in the CPI-W as of June 1, 2022, Regulation Z and Regulation M generally will apply to consumer credit transactions and consumer leases of \$66,400 or less in 2023. The threshold amount will be effective January 1, 2023. The amount is based on the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers, known as CPI-W, as of June 1, 2022.

Bite #9: CFPB Report Finds High Fees Charged on Student Banking Products Endorsed by Colleges

On October 13th the CFPB published a [report](#) to Congress on terms and fees associated with banking products marketed in partnership with colleges to students. The report raised questions about whether some marketing deals between colleges and financial institutions follow Department of Education rules. The CFPB's review included data on 11 account providers, including non-bank financial service providers, banks, and credit unions offering more than 650,000 student accounts in partnership with

462 institutions of higher education during the 2020-2021 Award Year. The CFPB included their key findings in the report, which resulted in the CFPB concluding that some financial institutions and colleges may be steering students to more expensive financial products.

Bite #8: CFPB Considers Permanently Restoring Covid Mortgage Protections

On September 22nd the CFPB issued a [request for information](#) seeking input on ways to facilitate refinances for consumer, especially those consumers with smaller loan balances and on ways to reduce risks for consumers who experience disruptions in their financial situation that could interfere with their ability to remain current on their mortgage payments. Specifically, the CFPB requested information about targeted and streamlined refinance programs; innovative refinancing products such as automatic refinancing, and automatic forbearance and long-term loss mitigation assistance. Comments are due November 28, 2022.

Bite #7: CFPB Reportedly Investigating Company's Reversal of User Policy

On October 12th CFPB Director Rohit Chopra made [comments](#) on CNBC about technology platforms. According to Director Chopra, the CFPB ordered several technology platforms to provide information about people the platforms would remove or fine. Chopra's comments came after a payment app allegedly posted a policy update saying the app would fine users for "promoting misinformation." The company indicated that it made the update in error. The Consumer Review Fairness Act prohibits businesses from using form contract provisions that bar consumers from writing or posting negative reviews online or threatening them with legal action if they do.

Bite #6: CFPB Moves to Formally Scrap Trump-Era Innovation Policies

On September 26th the CFPB confirmed in a Federal Register [filing](#) that it is letting its No-Action Letter and Compliance Assistance Sandbox policies lapse on September 30, 2022. The CFPB indicated the policies, which allowed companies to obtain regulatory relief, are "no longer effective" as of September 30, and that no further applications will be accepted. The CFPB said it will, however, continue to entertain applications submitted under a 3rd, more narrowly focused innovation policy for testing out new disclosures.

Bite #5: U.S. Chamber of Commerce and Others Sue the CFPB

On September 29th, the U.S. Chamber of Commerce, American Bankers Association, Consumer Bankers Association, and other organizations filed a [complaint](#) in the Eastern District of Texas against the CFPB. The plaintiffs claimed the CFPB exceeded its statutory authority when it revised its UDAP exam manual in March. They also claim that changes were arbitrary and capricious, and violated the Administrative Procedure Act's notice and comment requirements.

Bite #4: CFPB Sues Online Lender for Allegedly Overcharging Servicemembers and Not Permitting Cancellation

On September 29th, the CFPB filed a [complaint](#) against an online lender and 38 of its subsidiaries, for allegedly imposing illegal and excessive charges on servicemembers and their dependents. The CFPB alleges that the lender violated the Military Lending Act by charging more than 36% per year on loans to servicemembers and their dependents, through a combination of stated interest rates and monthly membership fees. The CFPB also alleges that the online lender required customers to join a

membership program to access certain "low-APR" loans, and then did not allow the customers to cancel their memberships until they paid their loans.

Bite #3: CFPB Takes Action Against Global Money Transmitter

On October 4th, the CFPB issued an order that imposed a \$950,000 penalty against a global money transmission company for multiple violations of the Remittance Transfer Rule and the Electronic Fund Transfer Act (EFTA). The CFPB claimed the company did not properly disclose important prepayment information to remittance senders, such as money transfer fees, current exchange rates and the date the recipient would receive the funds. The CFPB also alleged that the company had deficient recordkeeping practices that made it difficult for consumers to dispute erroneous transactions and receive a refund of certain fees. The CFPB also required the company to implement various compliance changes, including improving its Policies and Procedures, error resolution practices, record retention, compliance management trainings, and audit and monitoring functions.

Bite #2: CFPB Sues Online Event Registration Company for Allegedly Charging Consumers Illegal "Junk" Membership Fees

On October 18th the CFPB filed a complaint against an online event registration company, for allegedly tricking people into enrolling into a subscription discount club. The CFPB's alleges that the company automatically and unlawfully enrolled consumers into its discount club, when they thought they were registering for a single event. The CFPB alleges that the company violated the Consumer Financial Protection Act by enrolling consumers in and charging them for discount club memberships without their knowledge, consent, or a full understanding of the material terms of the transaction. The CFPB also noted that that administrative agencies in Iowa and Vermont, have separately sanctioned the company for allegedly violating state consumer financial protection laws.

Bite #1: CFPB Orders a National Bank to Pay \$191 Million for Claims Related to Overdraft Fees

On September 29th the CFPB ordered a national bank to refund \$141 million and \$50 million in penalties for allegedly charging improper overdraft fees. The CFPB claims the bank had "unintelligible and manipulative processes" that prevented consumers from avoiding surprise overdraft fees called "authorized-positive fees." The CFPB also indicated that the bank was warned about the practices but waited to discontinue the practice.

Still hungry?

Join us for our next CFPB Bites of the Month: Carving Up the CFPB on November 16. If you missed any of our 2022 Bites, request a replay on our website.

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