

CFPB Bites of the Month - May Top 10

May 25, 2022 | [Justin B. Hosie](#) and [Eric L. Johnson](#)

In this month's Top 10 article, we share some of our top "bites" for the prior month covered during the May 18 webinar.

So, what happened at the CFPB in the past month?

Bite #10 - The CFPB provided Spanish-language disclosures.

To help financial institutions better support Spanish-speaking communities, the CFPB unveiled Spanish translations of the following federal model disclosures: prepaid card model forms, adverse action sample notices, home mortgage origination documents, early intervention clauses for mortgage servicers, credit reporting notices, and the debt collection model validation notice.

Bite #9 - The CFPB announced that it will make examination information public and will examine additional companies posing risks to consumers.

The CFPB announced two examination changes: one to make examination information public and the other to announce that it will examine additional organizations posing risks to consumers. The first examination change concerns a new procedural rule, effective immediately, that gives the Director the authority to make final examination determinations public. The CFPB will accept comments for 30 days and may amend the rule if it receives comments warranting change. The CFPB highlighted a public interest in transparency and the opportunity to use orders as precedent.

The CFPB also announced that in addition to its authority to examine large banks, mortgage companies, student loan companies, payday lenders, and larger participants in the financial system, that it is now planning to examine additional organizations that pose risks to consumers. The CFPB announced that it was seeking public comments on a procedural rule to make this process more transparent.

Bite #8 - The CFPB expanded its Enforcement office.

The CFPB's Office of Enforcement has been authorized to add 20 additional staff, most of whom will be attorneys, as part of the agency's most recent budget process. Offers are already out for about 10 attorneys. The additional hires will bring the CFPB's enforcement headcount to about 200 full-time employees. The CFPB said that authorization for 95 additional positions had been approved in the budgeting

process, including the enforcement positions.

Bite #7 - The CFPB issued its Spring Supervisory Highlights.

The CFPB's Spring Supervisory Highlights reported findings from examinations in auto servicing, consumer reporting, credit cards, debt collection, deposits, mortgage origination, prepaid accounts, and remittances.

According to the CFPB some servicers unfairly repossessed vehicles even after consumers took actions to prevent repossession. Examiners also found that auto servicers unfairly failed to obtain refunds for borrowers for add-on products that no longer provided a benefit. In other instances, they found that auto servicers misled consumers about the amount of their final loan payments after their normal payments were deferred due to financial difficulties - largely as a result of the COVID-19 pandemic.

The CFPB also indicated that credit reporting companies failed to conduct reasonable investigations into disputed debts in a timely manner, and failed to review and consider all the relevant evidence submitted by consumers. Likewise, the CFPB indicated that private student loan servicers failed to comply with the terms of their own loans, modifications or incentives.

Bite #6 - The CFPB issued guidance addressing false claims about FDIC insurance.

The CFPB released an enforcement memorandum addressing false claims concerning Federal Deposit Insurance Corporation (FDIC) insurance. According to the CFPB, it is a deceptive act or practice to misuse the FDIC's name or logo, to falsely advertise about deposit insurance, or to make material misrepresentations to the public about deposit insurance. The CFPB indicated that such misrepresentations harm consumers and honest organizations.

This announcement is part of a new CFPB effort to provide guidance to other agencies with consumer financial protection responsibilities on how the CFPB intends to enforce federal consumer financial law. The CFPB announced that will issue publicly available *Consumer Financial Protection Circulars* to state attorneys general and state regulators, as well as federal financial regulators such as the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the National Credit Union Administration. Enforcers, and the broader public, can provide feedback and comments to Circulars@cfpb.gov.

Bite #5 - The CFPB issued an advisory opinion on coverage of fair lending laws.

The CFPB published an advisory opinion confirming that the Equal Credit Opportunity Act (ECOA) bars lenders from discriminating against customers after they have received a loan, not just during the application process. The advisory opinion states that ECOA continues to protect borrowers after they have applied for and received credit and that it requires lenders to provide "adverse action notices" to borrowers with existing credit.

Bite #4 - The CFPB banned a debt relief CEO from debt relief services for 5

years.

The CFPB filed a proposed order to resolve its allegations that certain parties engaged in wrongful fee-charging practices and deceptive telemarketing. The parties involved included a student loan debt relief business, a debt-settlement company, their owner, and a CEO. The CFPB alleged that the student loan debt relief company unlawfully collected upfront payments from borrowers and did not provide mandatory disclosures. The CFPB alleged that the debt-settlement company settled debts without consumer authorization and tricked consumers into enrolling into its services. The judgment will ban the student loan debt relief company permanently from debt relief services, ban the CEO from debt relief services for five years, permanently enjoin the general debt-settlement company from obtaining referrals from companies purporting to make or arrange loans, ban the general debt-settlement company from certain loan-settlement and lead-generation activities, and require the CEO to pay a \$30,000 penalty to the CFPB.

Bite #3 - The CFPB & NY AG sued a remittance provider.

The CFPB and New York Attorney General filed a complaint against one of the largest remittance providers in the U.S. alleging that the remittance provider systemically and repeatedly violated various consumer financial protection laws. The lawsuit claims the company stranded customers waiting for money, failing to promptly deliver funds to recipients. In 2009, 2012, and 2018, the same company had previously agreed to settlements with federal agencies. The complaint seeks monetary relief for consumers, an injunction to stop future violations, and imposition of civil money penalties. The complaint is not a final finding or ruling that the defendants have violated the law.

Bite #2 - The CFPB ordered debt-relief payment processors to pay more than \$11 million.

The CFPB announced an \$11 million resolution of claims under the Telemarketing Sales Rule and Consumer Financial Protection Act. The CFPB claimed that debt-relief payment processors and two individuals collected improper fees, mislead consumers about fee payment, sent advance fees prematurely, and failed to return funds to consumers who cancelled debt relief agreements. The respondents neither admitted nor denied the allegations, but consented injunctions and remedial measures for certain individuals, payment of \$8 million in restitution, and payment of a \$3 million penalty.

Bite #1 - The CFPB ordered one of the largest U.S. based banks to pay a \$10 million penalty for alleged illegal garnishments.

The CFPB wrapped-up an enforcement action against a large bank for allegedly processing illegal, out-of-state garnishment orders against its customers' bank accounts. According to the CFPB's allegations, the bank unlawfully froze customer accounts, charged garnishment fees, garnished funds, and sent payments to creditors. The CFPB claims those payments were based on out-of-state garnishment court orders that should have been processed under the laws of the states where the consumers lived. The bank also allegedly violated the law by inserting unfair and unenforceable language into customer contracts that purported to limit customers' rights to challenge garnishments. The CFPB's

order requires the bank to refund at least \$592,000 in garnishment-related fees to harmed consumers, fix its broken garnishment process, eliminate unenforceable clauses from its contracts, and pay a \$10 million fine.

Reports Too. Besides all of these Bites, the CFPB issued reports addressing: [financial challenges facing rural communities](#), [medical billing challenges](#), the [CFPB's Equal Opportunity Employment Program](#), the [2021 Fair Lending Report](#), and [mortgage servicing](#).

Still hungry?

Join us for our next CFPB Bites of the Month: [Summer Solstice Supervision](#) on June 15. If you missed any of our previous Bites, [request a replay on our website](#).

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