

## Enforcement Alert from Hudson Cook; CFPB Sues Lease-To-Own Finance Company

July 20, 2023 | [Lucy E. Morris](#)

### Highlights:

- CFPB alleges that lease-to-own finance company harmed consumers by, among other things, deceptively marketing financial products, insufficiently disclosing the terms of financing agreements, and interfering with consumers' ability to understand those terms.
- In addition to other relief, CFPB asks the court to enjoin future law violations and award consumer redress and civil money penalties.

### Case summary

The Consumer Financial Protection Bureau filed a lawsuit against a lease-to-own-finance company and several related companies (collectively, the "Company"), alleging that the Company violated various federal consumer financial protection laws in connection with the offering and provision of lease-to-own financing products. Such financing essentially allows consumers to finance goods and services from the Company's merchant partners and make payments back to the Company.

In the Bureau's complaint filed on July 19, 2023, in Utah federal district court, the agency alleges that the Company engaged in various false and deceptive practices in connection with the marketing and servicing of its lease-to-own financing in violation of the Consumer Financial Protection Act, which prohibits unfair, deceptive, or abusive practices, and the Truth in Lending Act, which requires that credit terms are meaningfully disclosed. Among other things, the Bureau alleges that the Company's marketing material misled consumers regarding the nature of financing arrangements and failed to disclose the true cost consumers would incur under the arrangements; that the Company made false and misleading statements to consumers about their rights under the financing agreements, leaving some with the impression that they could not terminate their agreement; and that the Company engaged in illegal debt collection practices, making false threats to take actions against consumers that the Company does not take in collections.

In addition, the Bureau alleges that the Company violated the Electronic Fund Transfer

Act by conditioning the extension of credit on consumers' repayment through preauthorized ACH debits, as well as the Fair Credit Reporting Act by failing to establish and implement reasonable policies and procedures regarding the accuracy and integrity of consumer information that it furnished to consumer reporting agencies.

The Bureau seeks, among other things, an injunction on the Company's alleged illegal practices, monetary redress for consumers, and a civil money penalty.

#### **RESOURCES:**

You can review all the relevant court filings and press releases at the **CFPB's Enforcement page**.

- [Complaint](#)
- [Press Release](#)

*Enforcement Alerts by Hudson Cook, LLP*, written by the attorneys in the firm's [Government Investigations, Examinations and Enforcement](#) and [Litigation](#) practice groups, are provided to keep you informed of federal and state government enforcement actions and related actions that may affect your business. Please contact our attorneys if you have any questions regarding this Alert. You may also view [articles](#), register for an upcoming [CFPB Bites monthly webinar](#) or request a [past webinar](#) recording on our website.

Hudson Cook, LLP provides articles, webinars and other content on its website from time to time provided both by attorneys with Hudson Cook, LLP, and by other outside authors, for information purposes only. Hudson Cook, LLP does not warrant the accuracy or completeness of the content, and has no duty to correct or update information contained on its website. The views and opinions contained in the content provided on the Hudson Cook, LLP website do not constitute the views and opinion of the firm. Such content does not constitute legal advice from such authors or from Hudson Cook, LLP. For legal advice on a matter, one should seek the advice of counsel.

**SUBSCRIBE TO INSIGHTS**

# HUDSON COOK

Hudson Cook, LLP is a national law firm representing the financial services industry in compliance, privacy, litigation, regulatory and enforcement matters.

7037 Ridge Road, Suite 300, Hanover, Maryland 21076  
410.684.3200

**[hudsoncook.com](https://hudsoncook.com)**

© Hudson Cook, LLP. All rights reserved. Privacy Policy | Legal Notice  
Attorney Advertising: Prior Results Do Not Guarantee a Similar Outcome

