

Partner Lucy Morris comments for Payments Dive BNPL article

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On May 3, *Payments Dive* published an in-depth article on the buy-now-pay-later ("BNPL") industry. According to the article, BNPL providers are spending large sums to add new technology and more employees in order to keep up with surging consumer demand for their services. BNPL is a new take on the old layaway plans where BNPL borrowers receive their goods up front after signing a short-term loan agreement that requires fixed payments.

The Consumer Financial Protection Bureau (CFPB) began a probe of the BNPL industry last December after concerns were raised about its business practices by a group of Democratic senators and consumer activists. "The CFPB is concerned about accumulating debt, regulatory arbitrage, and data harvesting in a consumer credit market already quickly changing with technology," the agency said in a December release. CFPB Director Rohit Chopra sent letters to the biggest BNPL operators, demanding detailed information about their business practices and how they safeguard the confidential information that consumers provide to the companies.

Lucy Morris, chair of Hudson Cook's Government Investigations, Examinations and Enforcement practice group and a former CFPB Deputy Enforcement Director, told *Payments Dive* that the Bureau is trying to make sure that consumers aren't getting in over their heads with BNPL. "That doesn't mean that the companies are violating any laws," said Lucy. "It just may be that the Bureau wants to use this bully pulpit to make things better for consumers."

Lucy counsels financial institutions and others in complying with federal consumer financial laws and prohibitions against unfair, deceptive, or abusive trade practices. She is an experienced advocate and litigator, representing clients in government investigations, examinations, and enforcement actions before federal and state agencies, including the CFPB, FTC, U.S. Department of Justice, and state AG offices. Previously, Lucy served as a founding member of the CFPB Implementation Team that organized the CFPB after passage of the Dodd-Frank Act, and subsequently served as a Deputy Enforcement Director at the Bureau. Before the CFPB, Lucy worked at the FTC for over 20 years in a variety of leadership positions, including as Assistant Director for Financial Practices and as Assistant to the Director of the FTC's Bureau of Consumer Protection.

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