



Americans for Financial Reform
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The CFPB is Standing up for Servicemembers and Veterans

The Consumer Financial Protection Bureau (CFPB) was specifically directed by the Dodd-Frank Act to establish an Office of Servicemember Affairs (OSA). Within the CFPB's overall consumer protection mission, this office has a special focus on identifying problems and finding solutions for servicemembers, who are too frequently the targets of predatory lending. The OSA makes sure that servicemembers know their rights, and holds financial services companies accountable when those rights are violated. The OSA exists so that military personnel and their families have a voice within the Bureau. It is especially important because though many businesses treat servicemembers, veterans, and their families well, other businesses and scammers unfortunately target these groups with bad deals and predatory schemes. Below are some of the ways the CFPB and its Office of Servicemember Affairs is working to help servicemembers, veterans, and their families.

- **The Bureau won tens of millions of dollars for servicemembers hurt by a predatory financing scheme.**
 - The CFPB worked with 13 state Attorneys General to secure [\\$92 million in debt relief](#) for 17,000 servicemembers and other consumers who had been harmed by the predatory practices of Colfax Capital Corporation and Culver Capital, LLC, also collectively known as “Rome Finance.” The Bureau’s action permanently banned Rome Finance and two of its owners from consumer lending, and the company is going out of business.
 - Rome Finance hurt servicemembers by luring them into using their products by promising no money down and instant financing. Then the companies hid expensive charges by artificially inflating the disclosed price of goods being sold, and also withheld important information on billing statements and collected on loans that were void—an illegal practice. In addition to the debt relief Rome Finance must provide to consumers, the CFPB’s consent order also requires the company to update credit reporting agencies so consumers are listed as having paid their debts.
- **The CFPB [got money back for active duty service members from auto lenders](#) who were engaged in deceptive marketing and lending practices.**
 - The CFPB is listening to servicemembers’ consumer finance concerns. After hearing of abuses in auto lending through the agency’s online “Tell Your Story” feature, and investigating the problem, the CFPB ordered U.S. Bank and one of its

partner companies to return \$6.5 million to servicemembers who were harmed by the companies' practices. The companies failed to accurately disclose all the fees charged to those who participated in the Military Installment Loans and Educational Services (MILES) auto loans program. They also misrepresented the real cost and coverage of add-on products financed along with the auto loans. The CFPB ordered the companies to pay restitution to more than 50,000 servicemembers, and to stop their deceptive practices.

- **The CFPB [shut down a fee scam targeting servicemembers](#).**
 - The CFPB put an end to a fee scam run by USA Discounters, Ltd., a company operating a chain of retail stores near military bases and offering financing for purchases. The company used deceptive marketing to trick thousands of servicemembers into paying fees for legal protections already afforded to them under the Servicemembers Civil Relief Act (SCRA), and for services the company failed to provide. The CFPB ordered USA discounters to pay more than \$350,000 in refunds for servicemembers harmed by this scam, pay an additional \$50,000 penalty, end all unfair and deceptive practices, and stop charging fees related to the SCRA.
 - Through enforcement and supervisory work, the CFPB has been—and will continue to—keep an eye on lenders to make certain they are following MLA requirements when making small-dollar loans to servicemembers. These include ensuring that short-term, small-dollar loans have an annual percentage rate capped at 36 percent (typical two-week terms can equate to an APR ranging from 391-521%) and are not rolled over unless the new transaction results in more favorable terms for the borrower; and that servicemembers are not put in a position of being asked to sign away their rights or subject to paying for their loans through the allotment system.
- **The CFPB is working with the Department of Defense to improve the Military Lending Act.**
 - The Military Lending Act was passed in 2007 after the Department of Defense (DoD) released a [report](#) concluding that predatory lending practices by payday lenders near military bases presented a threat to servicemembers and their families. Although the DOD continues to have rulemaking authority under the MLA, in 2012, Congress gave the CFPB the authority to enforce the law.
 - The CFPB worked with the DoD on a [Joint Statement of Principles](#) on small-dollar lending. These principles solidify each agency's dedication to work together to reduce consumer risk for servicemembers in regard to consumer financial products, particularly in the small-dollar arena. This is important because while certain types of high cost loans are subject to a rate cap and other protections under the MLA, loopholes exempt some types of loans from these protections. While work to close loopholes is forthcoming, it is important that the

CFPB and the DoD are partnering on efforts to protect servicemembers from predatory lending. The CFPB also issues guidelines laying out how examiners who supervise payday lenders can best identify harm and risks for consumers related to MLA violation.

- **The Bureau is conducting extensive outreach to servicemembers, and has also paid particular attention to the complaints servicemembers and veterans have shared about problems with financial products.**
 - The CFPB has held many educational events to deliver consumer financial information to thousands of military and veteran consumers. For example, between October 2013 and March 2014, the OSA [conducted](#) 77 outreach events, providing more than 6,000 military and veteran consumers with information to help them make more informed financial decisions. The office has visited 91 different military installations and units to hear concerns and share information with servicemembers.
 - The Bureau has made available: on-demand video training for military service providers; an ongoing virtual series of Military Financial Educator Forums on consumer financial topics for providers who deliver financial, educational, or legal counseling to servicemembers; and hundreds of live webcasts to military financial educators, legal assistance attorneys, and on-base college education counselors.
 - The Bureau has paid special attention to complaints received from servicemembers. From July 2011 through February 2014, CFPB [has documented](#) over 14,100 complaints from military consumers.
 - The Bureau has established an [“Information for Servicemembers”](#) page online, providing links to resources of specific help to servicemembers, such as letting them know of eligibility for the [Federal Thrift Savings Program](#) and providing information on the [Post-9/11 GI Bill](#). It also links to the OSA’s [Financial Fitness Forum](#), a whitepaper with recommendations following an event for stakeholders which was held to raise awareness of unique military-friendly products already being offered by financial institutions. These include, for instance, programs that recruit, train, and help veterans as they return to their communities, as well as programs at credit unions to help servicemembers with savings and loans.
- **The CFPB has identified problems in student loan servicing and its impacts on military families.**
 - The Bureau is looking into problems surrounding student loans held by members of the military. The CFPB issued a report, [“The Next Front? Student Loan Servicing and the Cost to Our Men and Women in Uniform,”](#) identifying a number of challenges servicemembers with student loans face, ranging from the fact that they are not accessing the most affordable repayment plans, to the barriers they face actually gaining the protections afforded by the SCRA. For

example, servicemembers are often made to resubmit their orders while on active duty to continue the interest rate reduction to which the SCRA entitles them, when it is supposed to be good for the duration of their active service.

