



The CFPB and why it matters to

Servicemembers, Veterans and their Families

Members of the military, along with their spouses and dependents, have long been a target for predatory lenders and financial flim-flammers. For evidence, look no further than the payday lenders, rent-to-own shops, and “buy here pay here” car dealers that have jammed the roadways around large military bases in recent decades. Just a few years ago, a U.S. Army Reserve study pointed to financial stress as the second leading cause of military suicide.

What makes servicemembers so attractive to the worst elements of the financial industry? To begin with, many are young and financially inexperienced; yet they have regular paychecks and bank accounts from which scammers can extract money through automatic debits. And if you’re deployed abroad and trying to focus on life-threatening adversaries, it can be hard to keep an eye out for financial chicanery in your bank statements.

Veterans and their families face their own set of perils. They include [“pension advance” companies](#) making payday-style loans to borrowers who sign over a big share of their future retirement income, and for-profit schools and lenders that [milk GI Bill benefits](#) while providing little or nothing in the way of useful skills or knowledge.

The Consumer Financial Protection Bureau was established after the 2008 financial crisis to bring basic rules of fair play to a marketplace where they had been conspicuously lacking. Since it got up and running in 2011, the Bureau has delivered nearly \$12 billion in relief to more than 29 million Americans cheated by banks and financial companies large and small.

But in addition – and in keeping with its mandate – the Bureau has done a world of good for military families, after setting up a special unit for that purpose. Its Office of Servicemember Affairs, currently headed by a 25-year army veteran, Retired Colonel Paul Kantwill, has helped secure roughly \$120 million in consumer refunds over problems involving mortgages, credit cards, student loans, payday and car-title loans, and other financial products.

The CFPB has also gone to bat for servicemembers and veterans by:

- Working with the Department of Justice and the FDIC to secure [\\$60 million in compensation for more than 77,000 servicemembers](#) charged excess interest on student loans by Sallie Mae and Navient in violation of the Servicemembers Civil Relief Act.

- Mounting [another enforcement action against Navient](#) over a host of charges, including, most shamefully, damaging the credit scores (through falsely reported loan defaults) of disabled veterans who used a federal program to have their loans lawfully discharged.
- Helping [bring tens of millions of dollars in debt relief](#) to 17,000 servicemembers tricked into paying hidden charges on computers, videogames, and other electronics purchased at mall kiosks near military bases.
- Directing U.S. Bank and an auto-loan partner to [return \\$6.5 million to service members](#), and to stop concealing fees and misrepresenting the benefits of overpriced service contracts and insurance policies.
- Nabbing sham for-profit education companies like Bridgepoint (aka Ashford University / University of the Rockies) that [target veterans for their GI Bill benefits](#), and making them pay tens of millions of dollars in penalties and relief for pushing private student loans that cost more than advertised.
- Ordering the nation's biggest credit union, Navy Federal, to pay [\\$28.5 million in penalties and restitution](#) for abusive debt collection practices such as freezing debit cards and ATM access and making illegal threats to contact superiors or garnish wages.
- Shutting down a fee scam in which a retail chain [charged tens of thousands of service members](#) for protections that were either not provided or already guaranteed by law.
- Securing [more than \\$3 million in consumer relief](#) from two companies that exploited the military allotment system (intended to help deployed servicemembers send money home to their families and pay creditors) in order to generate hidden, recurring fees.

In addition to its enforcement actions, the Consumer Bureau has worked with the Defense Department to [close loopholes in the Military Lending Act](#) and stop triple-digit-interest payday and car-title lenders from preying on military borrowers in violation of that law's 36 percent APR cap. The Consumer Bureau also help service members and/or veterans through:

- One-on-one financial coaching
- Live webcasts and on-demand video training for military financial educators, legal assistance attorneys, and on-base college education counselors
- Outreach events that have given more than 25,000 military and veteran consumers a chance to air their concerns and get help making informed financial decisions
- Roundtables and town-hall-style listening sessions at 145 military installations/units and counting; and
- Reports and trip sheets for navigating [VA mortgage refinancing problems](#) and [student loan servicing hazards](#).

The CFPB is doing the crucial work it was created to do. That's why Wall Street lobbyists and their friends in Washington are trying to undermine this agency any way they can. You can make a difference by contacting your elected officials and speaking up for the Consumer Financial Protection Bureau and its continued independence and effectiveness.