

Statement for the Record

On Behalf of

Americans for Financial Reform Education Fund

to the

Senate Banking, Housing, and Urban Affairs Committee

“Consumer Protection: Protecting Workers’ Money and Fighting for the Dignity of Work”

December 11, 2024

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Americans for Financial Reform Education Fund (AFREF) appreciates the opportunity to provide a Statement for the Record for the Senate Banking, Housing, and Urban Affairs Committee Hearing on “Consumer Protection: Protecting Workers’ Money and Fighting for the Dignity of Work.” AFREF is a nonpartisan and nonprofit coalition of more than 200 civil rights, consumer, labor, business, investor, faith-based, civic and community groups. Formed in the wake of the 2008 crisis, AFREF works to build the foundation for a strong, stable, and ethical financial system that works for everyone. We are committed to eliminating the economic inequity and systemic racism in the financial system and fighting for a just and sustainable economy.

In 2010, Congress created the Consumer Financial Protection Bureau (CFPB) in Dodd–Frank Wall Street Reform and Consumer Protection Act to protect consumers from unfair, abusive, and deceptive financial products. Since its creation 14 years ago, the CFPB has served a critical role in protecting consumers and families, including by reducing junk fees and holding corporations and financial institutions accountable when they engage in unfair and illegal misconduct. The CFPB exemplifies the government working for the people, protecting consumers and families from financial predation and extraction as they navigate everyday financial life, from the moment they use a credit card, or make a purchase, to when they sign up for a bank account or apply for a loan or mortgage.

The CFPB plays a vital role to help make markets stay transparent, competitive, and fair to consumers, families, and small businesses. We have rules to protect people from dangerous and defective cars, consumer products, and pharmaceuticals. The CFPB enforces federal consumer financial protection laws and protects people from dangerous and predatory loans, mortgages, and other financial misconduct that can put people’s savings, homes, cars, and lifelong financial health at risk.

Despite continued industry efforts to dismantle and eviscerate this agency, the CFPB continues to stand strong and independent. This May, the Supreme Court resoundingly sided with the CFPB and reaffirmed the constitutionality of the Bureau’s funding mechanism in *CFPB v. Community Financial Services Association*. More recently, two Texas courts in separate cases once again sided with the CFPB, reiterating the legitimacy of the agency’s funding mechanism.¹

¹ See *Texas v. Colony Ridge, Inc.*, No. CV H-24-0941, 2024 WL 4553111, at *4 (S.D. Tex. Oct. 11, 2024) and *Consumer Fin. Prot. Bureau v. Active Network, LLC*, No. 4:22-CV-00898, 2024 WL 4437639, at *1 (E.D. Tex. Oct. 7, 2024).

In the short 14 years since the CFPB's creation, the Bureau has already:

- **Obtained \$20.7 billion in relief for over 200 million people**² in the form of restitution or cancelled debts through its supervision and enforcement powers, and kept many billions more in people's pockets through new rules, guidance, and other effective oversight policies;
- **Collected \$5 billion in civil money penalties for misconduct and wrongdoing;**³
- **Returned \$363 million back to servicemembers and veterans** through 39 public enforcement actions, including six Military Lending Act violations;⁴
- **Encouraged industry changes that helped 22.8 million people** with at least one medical debt collection removed from their credit reports;⁵ and
- **Ordered \$100 million in redress for harmed student borrowers and put an end to Navient's abusive and illegal actions.**⁶

The Bureau is cracking down on junk fees and working to return billions of dollars of unfair fees back into the pockets of families and people. Customers are vulnerable to fee gouging by companies that exercise market power over people that cannot easily or affordably switch to alternative service providers. The CFPB has taken decisive action to protect consumers from junk fees that cost consumers billions of dollars a year.

- **Curbing excessive overdraft fees could save consumers \$3.5 billion annually.**⁷ In January, the CFPB proposed a rule to close the bank overdraft loophole that had allowed financial institutions to unfairly charge billions in excessive overdraft fees. This rule would lower overdraft fees from as high as \$35 down to much more reasonable rates, between \$3 and \$14.⁸ Approximately 23 million households in the United States pay overdraft fees yearly. This rule may save people \$3.5 billion in excessive overdraft fees.⁹
- **Returning \$1.8 billion to 4.3 million consumers when a ring of credit repair companies illegally charged advance fees and used deceptive bait-and-switch advertising tactics.**¹⁰

² Consumer Financial Protection Bureau (CFPB). [About the Bureau](#). Accessed December 6, 2024.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ CFPB. [Press release]. "[CFPB bans Navient from federal student loan servicing and orders the company to pay \\$120 million for wide-ranging student lending failures.](#)" September 12, 2024.

⁷ CFPB. [Press release]. "[CFPB proposes rule to close bank overdraft loophole that costs Americans billions each year in junk fees.](#)" January 17, 2024.

⁸ CFPB. [Overdraft Lending: Very Large Financial Institutions](#). 89 Fed. Reg. 37. February 23, 2024 at 13853.

⁹ CFPB. [Press release]. "[CFPB proposes rule to close bank overdraft loophole that costs Americans billions each year in junk fees.](#)" January 17, 2024.

¹⁰ CFPB. [Press release]. "[CFPB announces return of \\$1.8 billion in illegal junk fees to 4.3 million Americans harmed in massive credit repair scheme.](#)" December 5, 2024.

- **Effort to save customers \$10 billion annually in junk late fees, halted in court.** In March, the CFPB finalized a rule to lower excessive credit card late fees, bringing credit card late fees from \$32 down to \$8.¹¹ This rule would have saved consumers \$10 billion in excessive late fees every year, but due to litigation initiated by Wall Street banks, the rule has been paused by an industry friendly 5th Circuit Court.¹² This litigation that halted the credit card late fees rule has cost people over \$5.5 billion (and counting, at \$317 per second) in unfair and excessive late fees.¹³
- **Returned \$80 million in illegally charged overdraft fees to servicemembers, veterans, and Department of Defense civilian employees.**¹⁴ In November, the CFPB ordered Navy Federal Credit Union, the country’s largest credit union, to stop charging its customers illegal overdraft fees. The credit union must refund \$80 million back to its customers and pay a \$15 million penalty to the CFPB victims relief fund. Navy Federal customers were being charged surprise overdraft fees — \$44 million annually — even when they had sufficient funds at the time they used their debit cards to make a purchase.¹⁵ Another \$4 million was being illegally collected when customers were not informed that money received from payment services, such as Zelle, PayPal, and Cash App, would not be available until the following business day.¹⁶

The Bureau continues to improve the fairness and accuracy of credit reports.

- **Medical debt rule will protect 15 million people with unfairly lowered credit scores due to medical debt.**¹⁷ In June 2024, the CFPB proposed a rule that would prohibit medical debt from being considered in credit underwriting decisions. This rule would protect 15 million people in the United States holding \$49 billion in medical debt.¹⁸ Without these protections, leaving medical debt on an individual’s credit report can limit access to needed credit, make loans more expensive, or even limit someone’s ability to rent an apartment or get a job.

The Bureau works to keep our personal financial data safe and empowers consumers to maintain control over their personal financial data.

- **The proposed data broker rule will protect online privacy and prevent fraud.**¹⁹ The CFPB’s proposed data broker rule will protect consumers from unscrupulous data brokers that sell sensitive personal and financial information and limit the sale of personal identifiers

¹¹ CFPB. [Credit Card Penalty Fees \(Regulation Z\)](#). 89 Fed. Reg. 52. March 15, 2024.

¹² Raymond, Nate. “[US judge halts rule capping credit card late fees at \\$8.](#)” *Reuters*. May 10, 2024.

¹³ Americans for Financial Reform Education Fund. [Wall Street Ripoff Counter](#). Accessed December 6, 2024. Click [here](#) to see how much people have lost from the credit card late fee rule’s delay.

¹⁴ CFPB. [Press release]. “[CFPB orders Navy Federal Credit Union to pay more than \\$95 million for illegal surprise overdraft fees.](#)” November 7, 2024.

¹⁵ *Ibid.*

¹⁶ CFPB. [Consent Order](#) in the Matter of Navy Federal Credit Union, File No. 2024-CFPB-0014. November 7, 2024.

¹⁷ CFPB. [Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information \(Regulation V\)](#). 89 Fed. Reg. 118. June 18, 2024.

¹⁸ CFPB. [Press release]. “[CFPB proposes to ban medical bills from credit reports.](#)” December 6, 2024.

¹⁹ CFPB. [Protecting Americans from Harmful Data Broker Practices \(Regulation V\)](#). (Not yet published in Federal Register). December 3, 2024.

such as Social Security Numbers and phone numbers — a move that protects people’s online privacy and limits fraud.²⁰ Data brokers that sell sensitive consumer information would be considered “consumer reporting agencies” under the Fair Credit Reporting Act (FCRA), requiring them to comply with accuracy requirements, provide consumers access to their information, and maintain safeguards against misuse.

- **The recently finalized Personal Financial Data Rights rule will create a more consumer-friendly and competitive financial services marketplace.**²¹ This open-banking proposal empowers consumers to control their own financial data and allows consumers to more easily switch financial service providers and move their personal financial data at no extra charge. Importantly, covered data would also need to be standardized, with a consistent presentation of bill-payer information, rewards, and other important consumer information, also making it easier for customers to comparison shop between financial service providers.²²

The Bureau holds Walls Street, predatory lenders, and Big Tech accountable when they hurt and defraud people.

- **The recently finalized Big Tech Larger Participants rule will bring much needed oversight and supervision to nonbank fintech providers, so they do not facilitate fraud, and provide the same oversight for their payment apps as banks and credit unions.**²³ As it becomes much more common for consumers to use digital wallets and payment apps to make purchases, the increased oversight and supervision over covered nonbank financial service companies will help bring consistency to payment services and allow regulators to oversee a sector that could otherwise expose consumers to significant financial harms. Improved supervision of large nonbank financial service providers such as Google Pay or Apply Pay should encourage these companies to take payment fraud more seriously and comply with important consumer measures, such as the Electronic Funds Transfer Act and data privacy laws.

These are just a few of the recent, impactful ways the CFPB protects everyday people and their wallets, with a consumer protection mission that is broadly supported on a bipartisan basis. While Wall Street, predatory lenders, and Big Tech will try hard to delay, weaken, and even stop the Bureau’s important consumer protection work, we urge the members of this Committee and the entire Congress to continue supporting the CFPB, keeping a strong and independent agency, so the Bureau can continue to protect consumers and their families, hold institutions accountable when they break the law, and foster a financial marketplace that allows the economy to work fairly for everyone.

²⁰ CFPB. [Press release]. “[CFPB proposes rule to stop data brokers from selling sensitive personal data to scammers, stalkers, and spies.](#)” December 3, 2024.

²¹ CFPB. [Required Rulemaking on Personal Financial Data Rights](#). 80 Fed. Reg. 222. November 18, 2024.

²² Ibid at 90873.

²³ CFPB. [Defining Larger Participants of a Market for General-Use Digital Consumer Payment Applications](#). 88 Fed. Reg. 221. November 17, 2023.