



## **Ten Good Reasons to Support the Consumer Financial Protection Bureau**

One of the best things to come out of the Wall Street reform law known as Dodd-Frank was a new financial watchdog agency – the first-ever with a mandate to put fairness, transparency and the safety of consumers and borrowers ahead of the power and profits of banks. Since it got up and running in 2011, the Consumer Financial Protection Bureau has begun to deliver on that promise by:

### **1. Making credit card companies repay \$1.8 billion to consumers who got saddled with deceptive and fraudulent add on products**

CFPB investigations have found that companies including Bank of America, JPMorgan Chase, Affinion Group Holdings, Inc., Intersections, Inc., and three American Express subsidiaries defrauded consumers into accepting unnecessary and expensive credit card protection plans. The Bureau [ordered](#) them to cease their deceptive activity and make restitution as well as pay over \$100 million in civil penalties.

### **2. Writing rules to end the era of deceptive mortgages designed to rake in up-front fees before they self-destruct**

The CFPB's [new mortgage rules](#) require lenders to verify borrowers' ability to repay before a loan is approved. The rules also restrict the exorbitant fees and abusive payment structures that were at the heart of the financial crisis, creating incentives for lenders to issue unaffordable loans.

### **3. Standing up for borrowers and families trapped in high-cost student loans**

In September 2014, the CFPB sued Corinthian Colleges, a chain with over 74,000 enrollees across the country, for using false job placement claims to entice students into taking out high-cost loans that, in many cases, the company knew its students would be unable to repay. Corinthian has since been shut down by the Department of Education. The Bureau has taken action against other for-profit college chains, and it has created an online tool called "[Paying for College,](#)" which offers tips on repayment and makes it easier for students and their families to compare financial aid offers.

### **4. Documenting widespread abuses in the payday lending market and laying the groundwork for rules to end debt-trap abuses.**

Drawing on an extensive body of data, the CFPB has [shown](#) that the median payday loan carries an effective annual interest rate of 322%, while 80% of loans are rolled over or followed by another loan within 14 days. These reports laid the groundwork for rules to end the abuses of ultra-high-interest debt-trap loans, which is the Bureau is [currently working on](#). In the meantime, the Bureau has taken enforcement actions against two big payday lenders – [Cash America](#) for overcharging servicemembers, and [ACE Cash Express](#) for illegal debt-collection practices.

### **5. Working to ensure fair and equal access to credit in the auto lending market**

In December 2013, the CFPB [ordered](#) Ally Financial Inc. and Ally Bank to pay \$80 million in damages to consumers who had been overcharged through an illegal markup policy. Working with the Department of Justice, the Consumer Bureau [found](#) that more than 235,000 borrowers of color had been hit with higher interest rates on auto loans between 2011 and 2013.

## **6. Making sure that costs are clear and people’s rights are protected when they send money to support family members and others overseas**

People living in the U.S. send tens of billions of dollars a year to friends and family abroad. [New CFPB rules](#) make it easier to compare fees on these “remittance” transactions and to make sure all the money that someone sends actually reaches the intended destination.

## **7. Shutting down “last dollar” scams that charge up-front fees for help that never gets delivered**

Through storefronts or websites that look like legitimate businesses, these fraudsters go after the often meager savings of servicemembers and other economically vulnerable Americans, making bogus promises to help settle their debts or restore their credit. The CFPB has taken action against many groups, for instance USA Discounters, which was targeting and scamming men and women in uniform.

## **8. Putting rules in place to help borrowers get mortgage modifications and save their homes from foreclosure**

Countless families have tried to take advantage of mortgage-modification programs and promises, only to get the runaround from loan servicers, with many such cases ending in preventable foreclosures. The CFPB has established, and begun to enforce, [rules requiring servicers](#) to actually follow their own official procedures and treat people fairly.

## **9. Taking steps to monitor the out-of-control world of credit reporting and debt collection**

The CFPB has not yet published any rules on credit reporting, but it is already making the system work better for consumers in a number of ways: persuading credit card companies to share real credit score information with consumers free of charge; making it easier for consumers to get their disputes in front of credit reporting agencies; and documenting the problem of [medical debt](#), which affects 1 in 5 consumers and constitute over half of debt collection items on credit reports. The agency has issued an notice of proposed rulemaking on debt collection, and accepts complaints in their complaint portal on the issue.

## **10. Creating a complaint system to help consumers get responses from financial services companies, while helping the Bureau and the public understand how markets are working**

In addition to its rule-writing and enforcement responsibilities, the Bureau [takes complaints](#)—over 650,000 so far—involving problems with mortgages, credit cards, car and consumer loans, bank accounts, money transfers, private student loans, credit reports or debt collection. Many have received monetary relief, while others have secured other forms of help. The complaint system provides data to help companies deal with problems before they get out of hand, and helps the Bureau spot patterns and trends that call for its attention. Recently, the Bureau starting publishing consumer [complaint narratives](#) in a public database, and has begun analyzing complaints received in a [monthly snapshot report](#).

In its short life, this agency has already made markets safer and fairer, while getting companies that broke the law to give relief to the people they ripped off. But there is plenty of work left to do, and we need the CFPB to continue to have the resources, the authority and the leadership structure it needs to get the job done!