AFR Americans for Financial Reform

The CFPB and why it matters to

Older Americans

Older Americans are often prime targets for triple-digit-interest payday and car-title loans, tricky reverse mortgages, and abusive debt collection practices. Out-and-out financial fraud costs people of 60 and older another $3 billion a year. That gives seniors and their families a special stake in the continued independence and effectiveness of the Consumer Financial Protection Bureau (CFPB).

The Consumer Bureau was created after the 2008 financial crisis to bring badly needed rules of fair play and transparency to the banking and lending markets. In its short life, the CFPB has done a world of good for consumers in general, delivering nearly $12 billion in relief to more than 29 million Americans cheated by financial companies large and small.

But in addition – and in line with its mandate – the Bureau has gone to bat for older Americans, both through actions taken specifically on their behalf, and by going after bad practices that affect seniors disproportionately. Here are some important things the CFPB has done:

- Cracked down on deceptive advertising by reverse mortgage lenders, including false assurances that borrowers could not lose their homes.
- Gone after "pension advance" companies that pitch payday-style loans to veterans and others in return for a big piece of their retirement benefits.
- Taken steps to help people distinguish between legitimate "senior financial advisors" and scammers using such labels to prey on seniors' vulnerability.
- Directed Bank of America, JPMorgan Chase, and a group of American Express subsidiaries to cough up more than $1.8 billion in refunds and stop charging cardholders for useless and unwanted add-on products.
- Required First National Bank of Omaha to provide $27.75 million in relief to roughly 257,000 consumers who got charged for deceptive products such as credit monitoring services they did not actually receive.
- Led the investigation that forced Wells Fargo to pay $100 million in fines for a massive fraud in which millions of bank and credit card accounts were opened without consumers' knowledge.
- Developed standards for banks on how to detect and combat financial exploitation of older customers. More than one in six Americans of 62 and above believe they have been the victims of financial exploitation; the true figure may be much higher, since many are too embarrassed to report these experiences.

- Won penalties and refunds from student lenders and loan servicers that engage in deceptive advertising or violations of borrowers' rights. Over the past decade, the amount of student loan debt owed by Americans 60 or older has quadrupled.
- Helped communities and local law enforcement agencies develop support networks and other mechanisms to guard against elder financial abuse.

In addition to these actions, the CFPB has completed or moved forward with a number of rule-making initiatives of special relevance to seniors. It led the way, for example, in crafting new rules and incentives for mortgages, making loans significantly safer and more transparent and generally requiring a serious assessment of a borrower's ability to repay before a loan is issued. (From 2007 to 2011, more than 1.5 million older Americans lost their homes as a result of the mortgage crisis.)

The Bureau has also proposed the first nationwide rules for the debt collection industry. Once approved, these rules will limit the number of times someone can be telephoned, and require debt collectors to verify their information before they go into action. In the absence of rules, older people are often barraged with calls or hounded over debts of deceased family members, and some are illegally threatened with the garnishment of social security checks and other federal benefits.

The CFPB has come out with proposed rules (moving toward completion this year) against 300%-plus interest payday, car-title, and installment loans that suck people into unmanageable debt. Older Americans - especially people living on fixed incomes - make up a significant and growing share of payday loan borrowers.

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.