Advocates Applaud CFPB for Suing Firms Accused of Illegally Taking Upfront Fees for Credit Repair Services

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WASHINGTON– Advocates at the National Consumer Law Center applaud the Consumer Financial Protection Bureau’s (CFPB) legal action against Lexington Law and several internet-based marketers (PGX Holdings Inc. and subsidiaries Progrexion Marketing Inc., Progrexion Teleservices Inc., eFolks LLC, and CreditRepair.com Inc.).

In a lawsuit filed on Thursday in the U.S. District Court in Utah, the Bureau alleges the firms violated the Telemarketing Sales Rule (TSR) by requesting and receiving payment of prohibited upfront fees for their credit repair services. The law requires firms to provide consumers with documentation proving the promised results have been achieved prior to charging fees.

“The involvement of a law firm in this scam is particularly disturbing,” said National Consumer Law Center attorney Andrew Pizor. “We urge state regulators and bar associations to renew their attention to scammers using law firms as a front for misconduct.”

The Bureau also alleges some of the defendants violated the TSR and the Consumer Financial Protection Act by “making deceptive representations in its marketing, or by substantially assisting others in doing so.”

“The Bureau’s suit is a welcome step and we encourage it to seek strong penalties and restitution for any consumers harmed,” said Pizor. “Anything less could be dismissed by these scammers as a cost of doing business.”

“Consumers should never pay for credit repair—it’s a waste of money,” Pizor added. “You can get a free credit report and can fix errors yourself by going to annualcreditreport.com. Unfortunately, nothing but time can cure accurate negative information.”

For more information about fixing credit report problems, go to https://www.nclc.org/for-consumers/brochures-for-older-consumers.html#for_consumers