

Advocates Decry Consumer Agency's Narrowing of Abusive Standards Which Will Protect Dishonest Businesses Instead of Cheated Consumers

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Washington, D.C. – Today, the Consumer Financial Protection Bureau (CFPB) announced a policy statement limiting the circumstances under which it will act to protect consumers when companies engage in abusive practices.

“The CFPB’s new abusive policy limits the protection of consumers in ways Congress did not intend, curbs the CFPB’s ability to pursue lawbreakers in court, and undercuts the incentives that companies have to ensure they are complying with the law,” **said Linda Jun, senior policy counsel at Americans for Financial Reform Education Fund.** “The CFPB’s decision to hamstring its pursuit of abusive conduct is deeply disturbing. Congress defined ‘abusive’ and specifically gave the CFPB flexibility to enforce it because scammers are creative in the ways that they abuse consumers.”

While the statement purports to clarify the standard for abusiveness under the law, in fact it inserts a great deal of vagueness, and signals that the CFPB is prepared to give companies a pass when they commit abusive acts.

The CFPB states it will only address abusive conduct in supervision or enforcement “when the harm to consumers outweighs the benefit.” “Congress specifically required weighing of costs and benefits in the definition of ‘unfair’ but not ‘abusive’ but not every case is conducive to the quantifying of costs and benefits,” **explained Lauren Saunders, associate director of the National Consumer Law Center.** “Should the CFPB have to measure and weigh the costs and benefits before it stops companies from scamming 9/11 firefighter heroes and NFL concussion victims out of millions of dollars in compensation funds, or when debt collectors use illegal tactics to file lawsuits in states where servicemembers do not live and contact their commanding officers?” **Saunders added.**

The CFPB’s statement also says that, as a general rule, it will no longer charge companies with using abusive practices when the practices are also unfair or deceptive. “A good litigator always includes alternative, overlapping legal violations when pursuing lawbreakers. The CFPB is taking an arrow out of its quiver,” **Saunders said.** And the Bureau plans to let companies that have used abusive practices off the hook for civil penalties and disgorgement if they acted in good faith—a standard that will be in the eye of the beholder, that will encourage ignorance of the law, and that will require the CFPB to prove a negative.

“Companies that abuse consumers do not limit the predatory tactics they use and the CFPB should not adopt self-imposed restraints on the authority Congress gave it to protect consumers,” **Saunders emphasized.**

“The CFPB is deliberately tying the hands of its enforcement and supervision of abusive acts practices. In giving the CFPB authority to enforce the prohibition against abusive acts, Congress—through the Dodd-Frank Act—meant to expand consumer protections, not simply duplicate

the unfairness prohibition—nor did Congress intend for bad actors to only be cited for a violation of one law at a time. Kathy Kraninger and CFPB leadership should stick to enforcing the law and not trying to rewrite it,” **said Will Corbett, director of litigation at the Center for Responsible Lending.**

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Media Contacts:

National Consumer Law Center: Jan Kruse (jkruse@nclc.org) or (617) 542-8010

Center for Responsible Lending: Ricardo Quinto (ricardo.quinto@responsiblelending.org)

Americans for Financial Reform Education Fund: Carter Dougherty
(carter@ourfinancialsecurity.org) or (202) 251-6700