

Advocates Praise CFPB for Rescinding Harmful Policies that Weakened Consumer Protections

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Washington, D.C. - Advocates applauded today's announcement by the CFPB that it has rescinded several temporary policy statements issued last year that weakened consumer protection by giving financial service industries unnecessary "flexibility" not to comply with consumer protection laws, including laws governing credit cards and prepaid cards, home mortgages, and credit reports. Today's announcement noted that the CFPB will again "exercise the full scope of the supervisory and enforcement authority provided under the Dodd-Frank Act."

National Consumer Law Center (NCLC) Associate Director Lauren Saunders stated: "The CFPB's announcement sends an unequivocal message that it's back in the business of putting consumers first. Using the excuse of the coronavirus crisis to give industry unnecessary flexibility about whether to comply with consumer protection laws is inconsistent with its core consumer protection mission. We appreciate Acting Director Uejio's strong statement that flexibility should never come at the expense of consumers."

NCLC attorney Chi Chi Wu commented on CFPB's withdrawal of flexibility allowing industry to exceed the Fair Credit Reporting Act's deadlines for investigating disputes. "The nightmare is over for the tens of thousands of consumers who've complained to the CFPB that they were unable to get a response to their credit reporting disputes, or who were forced to wait far too long. Allowing credit bureaus, lenders, and debt collectors to violate statutory deadlines was a terrible move on the part of the former CFPB leadership. We are glad this decision has been reversed."

Wu also applauded the withdrawal of flexibility allowing credit card companies to exceed the deadlines for responding to billing error disputes and to take shortcuts when obtaining a consumer's consent over the telephone to electronic disclosures when opening a new credit card account or offering a balance transfer.

According to **Alys Cohen, staff attorney at the National Consumer Law Center**, "The CFPB's actions today provide greater consumer protections to homeowners during the COVID-19 pandemic by resuming important practices such as timely mortgage data reporting under the Home Mortgage Disclosure Act, which provides key information to address discrimination in the mortgage market, and more routine property valuation practices, which will promote better accuracy in property assessments. However, last year the CFPB lifted regulatory deadlines for mortgage servicers to act without providing similar flexibility for homeowners struggling to avoid foreclosure. The Bureau should rescind this one-sided policy to help prevent avoidable foreclosures, especially in communities of color."