In Evaluating TAB Bank, FDIC Should Consider Consumer Harm, Possible Legal Violations, from Predatory Lending

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On the eve of FDIC’s Community Reinvestment Act examination of TAB Bank, advocates file petition with 44,500+ signatures and analysis of consumer complaints showing deception, debt collection and credit reporting harms from loans up to 189%

WASHINGTON – Today a coalition of consumer advocates filed comments with the Federal Deposit Insurance Corporation (FDIC), including a petition signed by more than 44,500 people and a letter describing hundreds of consumer complaints, urging the FDIC to consider Transportation Alliance Bank’s (TAB Bank) predatory rent-a-bank lending in assessing the bank’s performance in meeting community needs under the Community Reinvestment Act.

As the FDIC prepares to conduct a Community Reinvestment Act (CRA) examination of Utah-based TAB Bank – which works with EasyPay Finance to snare consumers into predatory loans for auto repairs, tires, furniture, and even pets – the Stop the Debt Trap coalition filed a petition with the FDIC signed by more than 44,500 people.

The petition notes that “the typical predatory loan borrower will make payments for months that go mostly to interest and do little to pay off the loan,” and urges the FDIC to stop “Transportation Alliance Bank and any other bank from fronting for predatory lenders evading state interest rate limits.”

In addition to the petition, the Coalition submitted a CRA comment letter to the FDIC describing hundreds of consumer complaints filed against TAB Bank’s lending partner, EasyPay Finance. The letter asserts that EasyPay originates loans in TAB Bank’s name and the bank is responsible for its conduct. The letter concludes: “The FDIC should downgrade TAB Bank’s CRA rating in light of the extensive evidence of the abusive lending and potential violations of the law involving its lending program. High-cost credit that extracts wealth and burdens borrowers in debt does not meet credit needs in a responsible manner and must be penalized on CRA exams.”

In its comment letter, the coalition argues: “In assessing whether TAB Bank is appropriately serving its communities, the FDIC should consider not merely access to credit but also the quality of credit extended. Predatory credit at high interest rates that borrowers cannot afford to repay, credit designed to evade state interest rate laws, credit that is the result of deceptive practices, and credit that leads to violations of debt collection, credit reporting, and other laws does not meet the convenience and needs of communities.”

Today’s action follows reports by the Stop the Debt Trap Coalition about predatory puppy loans and predatory auto repair loans by EasyPay Finance and TAB Bank, demonstrating that hundreds of consumers have filed complaints describing outrageous interest rates hidden in fine print, deceptive promises of rebates, and payments that go mostly to interest. These loans often result in damaged credit reports and debt collection activity. Another report details the harm to veterans and military families, and potential violations of the Military Lending Act, which generally prohibits interest rates above 36% for servicemembers and dependents.
Stop the Debt Trap is a coalition of more than 800 civil rights, consumer, labor, faith, veterans, seniors and community organizations from all 50 states working to stop predatory lending.

Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training.

The Center for Responsible Lending (CRL) is a non-partisan, nonprofit research and policy advocacy organization working to promote financial fairness and economic opportunity for all, end predatory lending, and close the racial wealth gaps.

The Consumer Federation of America is an association of more than 250 nonprofit consumer and cooperative groups that was founded in 1968 to advance the consumer interest through research, advocacy, and education.

Americans for Financial Reform Education Fund (AFREF) is a nonpartisan and nonprofit coalition of more than 200 civil rights, consumer, labor, business, investor, faith-based, and civic and community groups. Formed in the wake of the 2008 crisis, we are working to lay the foundation for a strong, stable, and ethical financial system – one that serves the economy and the nation as a whole.