

Statement of National Consumer Law Center's Lauren Saunders on Introduction of Wrong Choice Financial Reform Rollback Legislation

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(WASHINGTON) House Financial Services Committee Chairman Jeb Hensarling (R-Tex), has announced that the Committee will hold a hearing today to discuss the introduction of sweeping legislation that would repeal essential financial reforms passed under the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as longstanding financial protections that go back decades. Also today, the National Consumer Law Center, on behalf of its low-income clients, sent a letter to members of the House of Representatives strongly opposing the misnamed Financial CHOICE Act of 2017, noting that “it is breathtaking in its assault on ordinary Americans, responsible companies who want a level playing field, and safeguards for the economy as a whole.”

Lauren Saunders, associate director of the National Consumer Law Center, made the following statement:

“The Wrong CHOICE Act introduced by Rep. Hensarling represents a grab bag of gimmies for Wall Street and predatory lenders that gut essential reforms adopted after the foreclosure crisis to fix a rigged system that destroyed American families and cost our economy \$10 trillion. The bill appears to have been written by a team of lawbreakers and predatory lenders putting together their wish list of how to undo consumer protections. Even by the standards of other anti-consumer protection legislation, this bill is breathtaking in its assault on ordinary Americans, responsible companies who want a level playing field, and safeguards for the economy as a whole.

“The bill takes the side of lawbreaking financial companies by weakening the Consumer Financial Protection Bureau. Over its short life, the CFPB has returned nearly \$12 billion in relief to nearly 30 million American consumers, including older adults, member of the military, and veterans.

“Since its founding in 2011, the CFPB has been a powerful ally of the little guy, going after illegal practices by predatory lenders, big banks, abusive debt collectors, and scam artists.

“The Wrong CHOICE Act eliminates the consumer watchdog’s authority to go after unfair, deceptive, or abusive practices; removes the CFPB’s authority over large banks; deprives the CFPB of power over abusive practices by predatory lenders making 400% APR loans; and eliminates public access to the complaint database. The bill prohibits the CFPB from stopping banks like Wells Fargo from using forced arbitration to strip people injured by two million fake accounts from banding together in court. And it would roll back key Dodd-Frank mortgage protections, exposing homeowners and new home buyers to abuses, such as unaffordable loans made by companies who hold the loan in portfolio, upcharging of certain title insurance costs, and skyrocketing interest rates for manufactured home borrowers. The bill also makes it easier for predatory lenders to use rent-a-bank arrangements to avoid state interest rate caps and charge sky high rates.

“The CFPB has improved protections for mortgages, student loans, auto loans, and dozens of other financial products and should not be gutted to enrich Wall Street banks. This Wrong Choice Act would destroy the lives of hard-working Americans, regardless of political belief. Many of these families are yet to recover from the 2008 financial collapse that was fueled by big banks and corporations gaming the system. Wall Street is doing just fine. Our Senators and Representatives need to stand up for Main Street.”

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Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the United States. NCLC’s expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitative practices, help financially stressed families build and retain wealth, and advance economic fairness. **www.nclc.org**