Consumer Financial Protection Bureau

The CFPB Under Director Rohit Chopra

Launching an Effort to Save Americans Billions in Junk Fees Charged by Banks and Financial Companies

Companies across the U.S. markets are increasingly charging inflated and back-end fees to households and families. This distorts our free market system by concealing the true price of products and services from the competitive process. The CFPB has been leading the effort to tackle junk fees, consistent with a whole-of-government approach to addressing this important issue. The CFPB is taking steps to save Americans billions of dollars by:

- Collecting public input to target the CFPB's efforts to the most pressing needs and concerns. Tens of thousands of people responded to the CFPB's Request for Information with their stories and complaints about unnecessary and potentially illegal fees in banking.

- Finalizing a rule to cut excessive credit card late fees charged by large card issuers. The CFPB estimates that American families will save more than $10 billion in late fees annually once the final rule goes into effect by reducing the typical fee from $32 to $8. This will be an average savings of $220 per year for the more than 45 million people who are charged late fees. The rule is now stayed pending litigation.
- Proposing a rule to rein in excessive overdraft fees charged by the nation's biggest financial institutions. The proposal would close an outdated loophole that exempts overdraft lending services from longstanding provisions of the Truth in Lending Act and other consumer financial protection laws. This rule, if finalized, is expected to save American families at least $3.5 billion in fees every year.

- Taking action against financial institutions that have engaged in illegal junk fee practices. The CFPB ordered Navy Federal to refund more than $80 million to consumers, stop charging illegal overdraft fees, and pay a $15 million civil penalty to the CFPB's victims relief fund. The CFPB also ordered Wells Fargo to pay $205 million and Regions Bank to pay $141 million for charging consumers illegal surprise overdraft fees. The CFPB further ordered Bank of America to pay $90 million for illegally double-dipping on non-sufficient funds fees, along with other violations, and ordered Atlantic Union to refund at least $5 million in illegal overdraft fees and pay a $1.2 million civil penalty to the CFPB's victims relief fund.

- Issuing guidance and advisory opinions about unlawful junk fee practices, including fees for basic customer service, surprise overdraft fees, surprise depositor fees, and "pay-to-pay" fees. Already, financial institutions have started to compete more when it comes to the fees they impose on consumers. Multiple banks have begun eliminating or reducing overdraft fees, and many have eliminated non-sufficient fund (NSF) fees on their checking accounts. The CFPB has estimated that consumers will save more than $6 billion per year as a result of these changes. In particular, the CFPB's most recent analysis found that the decision of most large banks to eliminate NSF fees will save consumers nearly $2 billion annually.

- The CFPB is also looking at junk fees in other markets. In May 2024, the CFPB launched a public inquiry into junk fees' role in increasing mortgage closing costs. The CFPB sought to understand why closing costs are increasing, who is benefiting, and how costs for borrowers and lenders could be lowered.

- In July 2024, the CFPB published a report on the fees charged by payment processing companies that help school districts process children's school lunch payments. The CFPB found that processors typically charge fees to add money to a student's school lunch account, which collectively can cost families upwards of $100 million each year.

Spurring Competition in Consumer Financial Markets

Families, businesses, and the entire economy benefit when consumer finance markets are competitive. Director Chopra has taken significant steps to carry out the CFPB's statutory mandate to promote fair, transparent, and competitive markets, including:

Finalizing a rule that would accelerate a shift toward open banking, where consumers would have control over data about their financial lives along with protections against misuse of this data by companies that consumers authorize to access this data. It would require companies to share consumer data with companies offering better products and services, allowing consumers to more easily switch to providers with superior rates and services. By fueling competition and consumer choice, the rule will help lower prices on loans and improve customer service across payments, credit, and banking markets.

- Issuing a series of orders to collect information on the business practices of large technology companies operating payments systems in the United States. The information will help the CFPB shed light on potentially anticompetitive practices, such as restrictive access policies, and better understand how companies prioritize consumer protection and ensure that consumer data is protected.

- Launching an improved survey of credit card issuers that can help consumers and families compare interest rates and other features when shopping for a new credit card.

- Issuing policy guidance to protect mortgage borrowers from pay-to-play digital comparison-shopping platforms. Eliminating illegal kickback schemes fosters fair competition by forcing lenders and other providers to compete on a level playing field, leading to lower rates and higher quality service.

- Issuing a circular explaining how companies operating comparison-shopping tools can break the law when they steer consumers to certain products or lenders because of kickbacks. When using comparison-shopping tools to evaluate the costs, features, and terms of many financial products, consumers often encounter manipulated results or digital dark patterns, fueled by behind-the-scenes incentive payments from lenders.

- Issuing policy guidance to tamp down on fake consumer reviews. Consumer reviews are an important feature of modern competition, and fake reviews undermine the competitive process through deception.

- Opening a new office, the CFPB's Office of Competition and Innovation, to help spur technological advancement in financial services by promoting competition and identifying stumbling blocks for new market entrants.

- Finalizing a rule authorizing the CFPB to supervise large nonbank companies offering digital funds transfer and payment wallet apps. The rule will help the CFPB to ensure that these companies – specifically those handling more than 50 million transactions per year – follow federal law just like large banks, credit unions, and other financial institutions already supervised by the CFPB.

Protecting Consumers from Bad Actors and Cracking Down on Repeat Offenders

When a financial institution, individual, or other entity subject to the CFPB's jurisdiction breaks the law, the CFPB may take enforcement action against them. In certain cases, the CFPB may partner with other federal, state, or local agencies to investigate the wrongdoing and coordinate the enforcement action.

In total, the CFPB's enforcement ($19.6 billion) and supervisory work ($1.4 billion) has resulted in more than $21 billion in monetary compensation, principal reductions, canceled debts, and other consumer relief. The CFPB estimates that more than 205 million consumers or consumer accounts have been eligible to receive relief from the CFPB's enforcement and supervisory work.

During Director Chopra's tenure[1], the CFPB has filed 75 enforcement actions and resolved through final orders 28 filed lawsuits, resulting in:

- **Lawbreakers returning more than $6 billion to compensate harmed consumers.** When we enforce the law, the CFPB or a court may require the person or company to compensate its victims for this harm by providing monetary compensation out of its own funds, principal reductions, canceled debts, or other consumer relief.

- **Lawbreakers paying more than $3.2 billion in civil money penalties.** In many enforcement actions, the court or CFPB imposes civil money penalties which are deposited into the CFPB's victims relief fund, also known as the Civil Penalty Fund. This fund is used to compensate victims for the harm they have suffered in certain cases when the subject of an order doesn't have sufficient funds to provide compensation to harmed consumers.

During Director Chopra's tenure, the CFPB's enforcement activity has focused on repeat offenders and larger companies engaged in widespread harm. The CFPB's enforcement actions against repeat offenders and large entities include the following:

  - One of the nation's largest banks, Wells Fargo, for violations of law across several of its largest product lines. The bank's illegal conduct led to billions of dollars in financial harm to its customers, including thousands of customers who lost their vehicle or home. The CFPB ordered Wells Fargo to return more than $2 billion to harmed consumers. The CFPB also imposed the largest fine in its history against Wells Fargo: $1.7 billion, which will be used to provide relief to victims of consumer financial protection law violations.

- The nation's second-largest bank, Bank of America, for a wide range of illegal conduct.

  - In May 2022, the CFPB ordered Bank of America to pay a $10 million civil penalty over unlawful garnishments and, later in 2022, the CFPB and the Office of the Comptroller of the Currency (OCC) fined the bank $225 million and required it to pay hundreds of millions of dollars in redress to

[1] Through November 14, 2024.

consumers for botched disbursement of state unemployment benefits at the height of the COVID-19 pandemic.

    - In July 2023, the CFPB ordered Bank of America to pay more than $100 million to customers for systematically double-dipping on fees imposed on customers with insufficient funds in their account, withholding reward bonuses explicitly promised to credit card customers, and misappropriating sensitive personal information to open accounts without customer knowledge or authorization. The OCC also found that the bank's double-dipping on fees was illegal. The bank paid $90 million in penalties to the CFPB and $60 million in penalties to the OCC.

    - In November 2023, the CFPB ordered Bank of America to pay a $12 million penalty for submitting false mortgage lending information to the federal government under a long-standing federal law. For at least four years, hundreds of the bank's loan officers failed to ask mortgage applicants certain demographic questions as required under federal law, and then falsely reported that the applicants had chosen not to respond. Under the CFPB's order, Bank of America must pay a $12 million penalty.

- National credit reporting company TransUnion, two of its subsidiaries, and its longtime executive, John Danaher, for violating a 2017 law enforcement order. TransUnion and its subsidiaries also allegedly violated additional consumer financial protection laws, including by continuing to employ deceptive digital dark patterns to illegally profit from customers. In October 2023, the CFPB took two additional actions against TransUnion companies, resulting in TransUnion and its subsidiaries paying $23 million.

- The nation's third-largest bank, Citibank, for intentionally and illegally discriminating against credit card applicants the bank believed to be Armenian American.

- The student loan servicer for its years of lawbreaking. As a result of the order entered in the CFPB's lawsuit, Navient is permanently banned from seeking to participate in federal student loan servicing activities. The company is also forbidden from directly servicing or acquiring most loans under the Federal Family Education Loan Program. These bans largely remove Navient from a market where it, among other illegal actions, steered numerous student loan borrowers into costly repayment options.

- International remittance provider MoneyGram for years of misconduct, including leaving customers waiting for their money.

- FirstCash, Inc. and Cash America West, Inc. for charging unlawfully high rates to military families in violation of the Military Lending Act through their pawn lending operations.

- Venture capital-backed fintech LendUp for continuing to engage in illegal and deceptive marketing in violation of a 2016 CFPB order, and violating fair lending regulations.

- Payday lender ACE Cash Express for concealing free repayment plans from struggling borrowers.

- Regions Bank and Navy Federal Credit Union for illegal surprise overdraft practices, among other illegal actions.

- Consumer lender TitleMax for unlawful title loans and overcharging military families.

- Fifth Third Bank for opening fake accounts in customers' names and forcing vehicle insurance onto borrowers who had coverage.

In June 2024, the CFPB also finalized a rule to establish a registry to detect and deter corporate offenders that have broken consumer laws and are subject to federal, state, or local government or court orders. The registry will help the CFPB identify repeat offenders and recidivism trends.

Addressing Medical Debt, Including High-Cost Specialty Financial Products and Nursing Home Debt

Many Americans have dealt with confusing or unexpected medical bills. A 2022 report found that roughly 20 percent of Americans report having medical debt, but previous research by the CFPB has shown that medical billing data on a credit report is less predictive of future repayment than reporting on traditional credit obligations. Mistakes and inaccuracies in medical billing are common and can be compounded by problems such as disputes over insurance payments or complex billing practices.

- In June 2024, the CFPB proposed a rule that would remove medical bills from most credit reports, increase privacy protections, help to increase credit scores and loan approvals, and prevent debt collectors from using the credit reporting system to coerce people to pay. The proposal would stop credit reporting companies from sharing medical debts with lenders and prohibit lenders from making lending decisions based on medical information.

- The CFPB also issued guidance to prevent families from being targeted by illegal medical debt collection tactics.

- The CFPB also joined with the U.S. Department of Health and Human Services and the U.S. Department of Treasury to launch an inquiry into high-cost specialty financial products, such as medical credit cards and installment loans, that are pushed on patients as a way to pay for routine medical care. These products can drive up health care costs and medical debt. The CFPB will use the public input as it considers ways to address the patient harms caused by these specialty financial products.

The CFPB has also worked to uncover coercive and potentially illegal practices relating to nursing home debt collection practices. In September 2022, the CFPB released an issue spotlight that explored how questionable contract provisions and debt collection tactics negatively affect family members or friends who serve as caregivers. Based on the findings in the report, the CFPB and the Centers for Medicare & Medicaid Services issued a joint letter confirming that nursing homes may not require that a third-party caregiver (like family or friends) personally guarantee payment of a nursing home resident's bills as a condition of the resident's admission to the facility.

Ensuring Emerging Products and Technology Maintain Consumer Protections

- In 2024, the CFPB proposed an interpretive rule regarding paycheck advance products. The products often marketed to consumers as "earned wage products" are consumer loans subject to the Truth in Lending Act. The CFPB also published a report examining employer-sponsored paycheck advance loans.

- In 2024, the agency issued an interpretive rule that confirmed that Buy Now, Pay Later lenders are credit card providers under the Truth in Lending Act. Accordingly, Buy Now, Pay Later lenders must provide consumers some key legal protections and rights that apply to conventional credit cards. These include a right to dispute charges and demand a refund from the lender after returning a product purchased with a Buy

Now, Pay Later loan. The rule comes after the CFPB launched an inquiry into the Buy Now, Pay Later market and because of consumer complaints related to refunds and disputed transactions.

Holding Credit Reporting Companies Accountable and Protecting Americans from Harmful Data Broker Practices

Credit reporting plays a critical role in consumers' financial lives and has an enormous reach beyond consumer financial services. More than 200 million Americans have credit files, and lenders rely on this information to decide whether to approve loans and on what terms. Despite the legal requirements to follow reasonable procedures to ensure maximum possible accuracy, the credit reporting system remains riddled with problems, from inaccuracies to the inclusion of junk data that is irrelevant to credit decisions.

The surveillance industry tracks, collects, and monetizes information about people. Many of these firms assemble data to feed "artificial intelligence" that makes decisions about our daily lives. The CFPB is taking action to ensure that credit reporting companies are abiding by the basic requirements of the Fair Credit Reporting Act (FCRA) as well as ensure that the public is protected from harmful data broker practices by:

- The CFPB proposed a key rule to rein in data brokers that sell Americans' sensitive personal and financial information. The proposed rule would limit the sale of personal identifiers like Social Security Numbers and phone numbers collected by certain companies and make sure that people's financial data such as income is only shared for legitimate purposes, like facilitating a mortgage approval, and not sold to scammers targeting those in financial distress. The proposal would make clear that when data brokers sell certain sensitive consumer information they are "consumer reporting agencies" under FCRA, requiring them to comply with accuracy requirements, provide consumers access to their information, and maintain safeguards against misuse.

- Issuing a circular affirming that consumer reporting companies and furnishers can't skirt dispute investigation requirements. Consumer reporting companies must provide all relevant information about a dispute to the furnisher and consumer reporting companies and furnishers can't place limitations on investigating disputes not described in FCRA or its implementing regulations, like requiring use of the consumer reporting company's preferred format or forms.

- Issuing guidance on facially false junk data on credit reports, which reminded credit reporting companies to screen for and not publish information that doesn't make sense, such as tradelines that include a date that predates the consumer's date of birth.

- Issuing guidance on name matching, affirming that consumer reporting companies, including tenant and employment screening companies, are violating the law if they engage in shoddy name-matching procedures. The risk of mistaken identities from name-only matching is likely to be greater among Hispanic, Black, and Asian communities because there is less surname diversity in those populations compared to the white population.

- Issuing an advisory opinion to ensure that companies that use and share credit reports have a permissible purpose under the FCRA.

- Ordering TD Bank to pay $7.76 million to tens of thousands of victims of the bank's illegal actions. The bank repeatedly shared inaccurate, negative information about its customers to consumer reporting companies. The information included systemic errors about credit card delinquencies and bankruptcies. In addition to the redress, the CFPB ordered TD Bank to pay a $20 million civil money penalty.

- In October 2024, the CFPB issued guidance to protect workers from unchecked digital tracking and opaque decision-making systems. The guidance clarifies and warns that companies using third-party consumer reports — including background dossiers and surveillance-based, "black box" AI or algorithmic scores about their workers — must follow Fair Credit Reporting Act (FCRA) rules. Director Chopra held a field hearing with Acting Labor Secretary Julie Su in Okemos, Michigan on worker monitoring systems.

Protecting Homeowners

The CFPB plays an important role in protecting homeowners and prospective homeowners, and closely monitors the housing and mortgage markets as economic conditions change. The CFPB has taken numerous steps to support homeowners, including:

- Proposing rules to establish new, strong protections for struggling homeowners facing foreclosure. The rules also protect mortgage borrowers from costly surprises and runarounds by their servicers.

- Tackling housing discrimination by holding mortgage lenders Townstone, Fairway, Trustmark, and Trident accountable for their illegal redlining.

- Issuing an advisory opinion making clear that it may be illegal for debt collectors subject to the Fair Debt Collection Practices Act (FDCPA) to use or threaten to use judicial processes, such as foreclosure, to collect a debt after a state's statute of limitations expires. This practice was most often observed when debt collectors attempted to foreclose on dormant second mortgages, known as "zombie" mortgages.

- Ensuring families can stay in their homes and are protected from illegal evictions or foreclosures, including joining with other agencies to announce a return to enforcement of critical protections for families and homeowners, and joining with DOJ to remind landlords and mortgage servicers to adhere to the CARES Act and additional legal requirements under the Servicemembers Civil Relief Act.

- Working on the Interagency Task Force on Property Appraisal and Valuation Equity (PAVE) to end bias in home valuations.

- Working along with other federal financial regulators to implement an authority in federal law to ensure that automated real estate valuations (AVMs) are fair and accurate.