



| CONSUMERS IN PERIL

CFPB data shows consumer problems in year of COVID-19

MARCH 2021 // ARIZONA PIRG EDUCATION FUND

Arizona PIRG
Education Fund



WRITTEN BY:

ED MIERZWINSKI, MIKE LITT AND LUCY BAKER
ARIZONA PIRG EDUCATION FUND

GIDEON WEISSMAN
FRONTIER GROUP

ACKNOWLEDGMENTS

Arizona PIRG Education Fund thanks our donors for supporting our work on consumer protection and public health issues and for making this report possible.

The author bears responsibility for any factual errors. Policy recommendations are those of Arizona PIRG Education Fund. The views expressed in this report are those of the author and do not necessarily reflect the views of our funders or those who provided review.

2021 Arizona PIRG Education Fund. Some Rights Reserved. This work is licensed under the Creative Commons Attribution-ShareAlike 4.0 International License. To view a copy of this license, visit <https://creativecommons.org/licenses/by-sa/4.0/> or send a letter to Creative Commons, PO Box 1866, Mountain View, CA 94042, USA.

With public debate around important issues often dominated by special interests pursuing their own narrow agendas, Arizona PIRG Education Fund offers an independent voice that works on behalf of the public interest. Arizona PIRG Education Fund, a 501(c)(3) organization, works to protect consumers and promote good government. We investigate problems, craft solutions, educate the public, and offer meaningful opportunities for civic participation.

Design: Grace Brombach

Cover Image: Ted Eytan via Flickr, CC, Some Rights Reserved.

| Executive Summary

A review of the Consumer Financial Protection Bureau's public complaint database finds that consumer complaints about financial grievances spiked during the pandemic year of 2020, eclipsing 2019, the previous record year.

Analysis of complaint volumes and the types of complaints received shows that, as consumers dealt with the economic fallout of the pandemic, they increasingly faced problems with financial companies. The CFPB, the Biden administration and Congressional policymakers should take immediate and longer-term actions to protect consumers and rein in unfair practices in the financial marketplace.

The urgent need for CFPB action is shown by a recent statement of its new acting director, Dave Uejio:

"One thing we can do immediately is focus our supervision and enforcement tools on overseeing the companies responsible for COVID relief. I am concerned about the findings described in last week's Supervisory Highlights edition that companies are failing to properly administer relief through the crisis." (1)

Early in the pandemic, under the previous administration:

"The Bureau issued a number of statements that provided entities with temporary regulatory relief. The Bureau also announced that, in certain instances, the Bureau would take a flexible supervisory and enforcement approach during the pandemic." (2)

The statements and supervisory guidances are archived by the CFPB. (3)

A series of previous reports during the pandemic by U.S. PIRG Education Fund and Frontier Group has tracked the increasing problems consumers faced with family finances during the pandemic; we found that those problems were exacerbated by the Bureau's lax approach to enforcement in 2020. (4)

The CFPB received nearly 450,000 consumer complaints in 2020.

2020 was a record-setting year for the number of complaints received by the CFPB's Consumer Complaints Database. (5)

In 2020, there were 444,551 complaints -- more than 50% higher than the 277,366 complaints in 2019, which at that time was the most complaints ever received in a year.

In December 2020, the top complaint month, there were 48,558 complaints – more than double the number of complaints in December 2019. In 2020, each month set a complaint volume record for that month, and complaint volumes dramatically increased during the course of the coronavirus pandemic.

CREDIT REPORTING COMPLAINTS SKYROCKETED

In 2020, complaints about credit reporting saw dramatic increases from previous years, and accounted for the majority of all complaints. There were 282,000 complaints about the sub-product “credit reporting,” or more than double the 136,000 credit reporting complaints from 2019. Credit reporting complaints accounted for 63% of all complaints submitted in 2020.

Among credit reporting complaints, the majority were for problems with “Incorrect information on your report,” and most of those complaints – 141,000 – had to do with problems tagged as “information belongs to someone else.” Among consumer complaint narratives (the full text of the complaint, which consumers can choose to make public) for complaints that credit report information belongs to someone else, more than one in five contained the words “identity theft.”

Nearly nine in 10 credit reporting complaints involved one of the U.S. Big Three credit bureaus: Experian was the subject of 86,600 credit reporting complaints, TransUnion 83,300 complaints, and Equifax 76,300 complaints. These 246,000 complaints alone account for more than half of all complaints received by the CFPB in 2020.

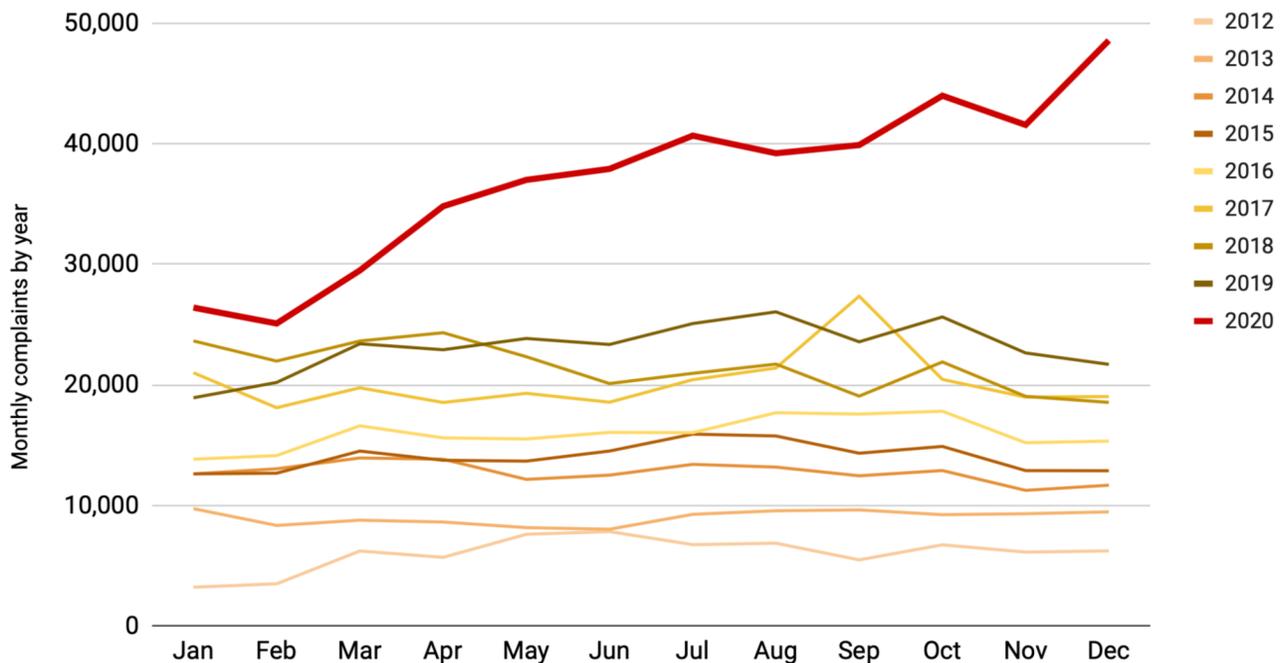


FIGURE 1. 2020 SET COMPLAINT VOLUME RECORDS EVERY MONTH OF THE YEAR

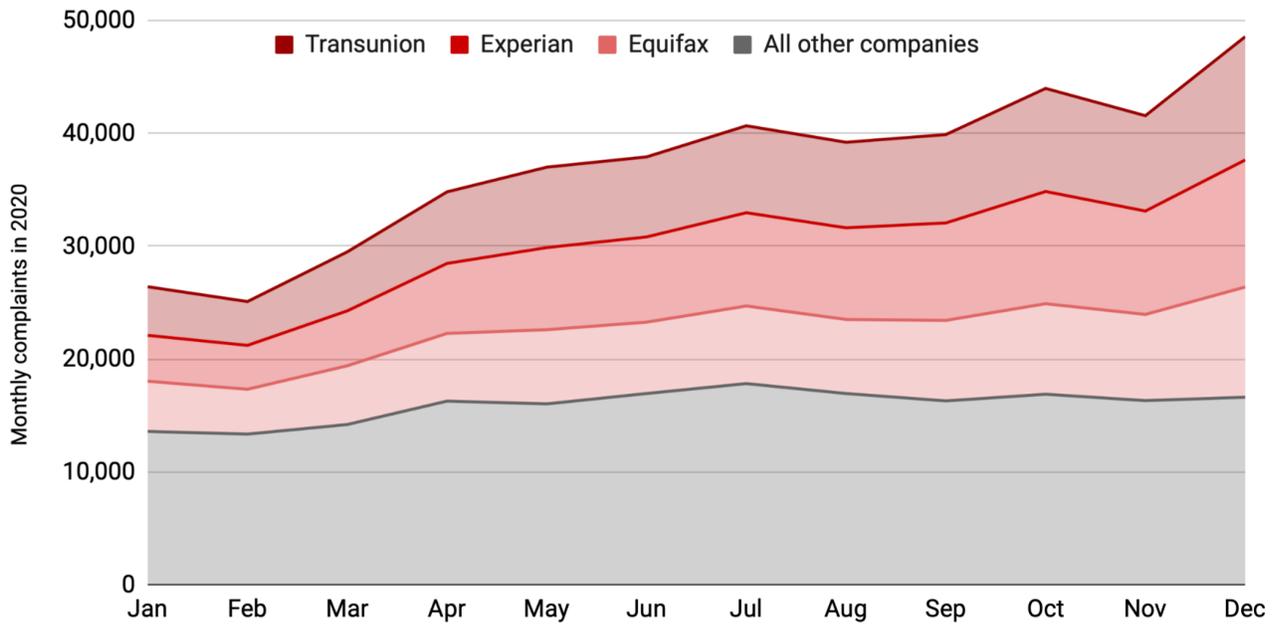


FIGURE 2. BIG THREE CREDIT BUREAUS ACCOUNTED FOR MORE THAN HALF OF ALL COMPLAINTS IN 2020

The top 10 most-complained-about companies accounted for nearly 70 percent of all complaints received by the CFPB in 2020. The most-complained about companies consisted of credit bureaus (Experian, Transunion and Equifax), banks (including Capital One, Bank of America, and JPMorgan Chase), and the company Synchrony Financial, which offers financial products including in-store credit cards.

Credit bureaus and banks were the most complained-about companies in 2020.

RANK	COMPANY	NUMBER OF COMPLAINTS
1	Experian	89,219
2	Transunion	85,575
3	Equifax	78,492
4	Capital One	9,774
5	Bank of America	9,510
6	JPMorgan Chase	9,201
7	Citibank	8,697
8	Wells Fargo	7,521
9	Synchrony Financial	4,827
10	U.S. Bancorp	4,148

TABLE 1. THE MOST COMPLAINED-ABOUT COMPANIES OF 2020

Every complaint in the Consumer Complaint Database includes information about the type of financial product involved, and the issue the consumer had with the product. The following table shows the issues by financial product that were most complained about in 2020. The three most complained about issues were incorrect information on credit reports; problems with a credit bureau’s investigation into a problem on a credit report; and debt collection companies attempting to collect debt not owed.

RANK	PRODUCT	ISSUE	COMPLAINTS
1	Credit reporting, credit repair services, or other personal consumer reports	Incorrect information on your report	193,394
2	Credit reporting, credit repair services, or other personal consumer reports	Problem with a credit reporting company's investigation into an existing problem	67,150
3	Debt collection	Attempts to collect debt not owed	28,023
4	Checking or savings account	Managing an account	15,389
5	Credit reporting, credit repair services, or other personal consumer reports	Improper use of your report	15,315
6	Debt collection	Written notification about debt	12,632
7	Mortgage	Trouble during payment process	11,542
8	Credit card or prepaid card	Problem with a purchase shown on your statement	8,654
9	Mortgage	Struggling to pay mortgage	5,196
10	Debt collection	False statements or representation	4,486

TABLE 2. THE MOST COMPLAINED-ABOUT ISSUES WITH FINANCIAL PRODUCTS IN 2020

| The Trump CFPB left consumers exposed to payday debt traps

In 2017, the Obama CFPB issued a rule on payday loans; (6) this rule, when it took final effect, would have established basic underwriting requirements for payday lenders to ensure that their borrowers could afford to repay the loan. When the rule was updated by the Trump CFPB in July 2020, that provision had been scrapped. (7)

After previous acting director Mick Mulvaney had slowed implementation of the CFPB's Payday Lending Rule, Kraninger in July 2020 "revoked" important provisions, including the rule's core requirement that lenders determine a consumer's ability to repay. (8)

There are currently 17 states and the District of Columbia which have rate caps that effectively protect over 100 million consumers from payday lending; most of these laws cap rates at 36% or lower. (9)

Consumers who live in states with no cap can encounter interest rates 500% and higher. (10) While the CFPB has no authority to establish a national rate cap, the underwriting procedure outlined in the original rule would have protected vulnerable consumers from falling into debt traps associated with those high interest rates.

Complaints in the CFPB Consumer Complaint Database reveal that borrowers can't afford these loans and end up trapped in a cycle of debt.

There were 941 payday loan complaints in 2020.

PAYDAY LOAN COMPLAINTS BY ISSUE

The most commonly complained about issues were "Charged fees or interest you didn't expect" (255 complaints), "Struggling to pay your loan" (195 complaints), and "Can't contact your lender or servicer" (109 complaints).

The most complained-about companies for payday loans were CURO Intermediate Holdings (82 complaints), PNC Bank (78 complaints), and Populus Financial Group (60 complaints, owns AceCashExpress) and Enova International (60 complaints, owns CashNetUSA.)

PAYDAY LOAN ISSUES	COMPLAINTS
Charged fees or interest you didn't expect	255
Struggling to pay your loan	195
Can't contact lender or servicer	109
Received a loan you didn't apply for	79
Problem with the payoff process at the end of the loan	61
Can't stop withdrawals from your bank account	51
Incorrect information on your report	47
Loan payment wasn't credited to your account	43
Money was taken from your bank account on the wrong day or for the wrong amount	38
Was approved for a loan, but didn't receive the money	37
Problem with a credit reporting company's investigation into an existing problem	17
Improper use of your report	6
Unable to get your credit report or credit score	2
Credit monitoring or identity theft protection services	1

| The Trump CFPB unleashed debt collectors

In addition to unleashing predatory lenders, the Trump CFPB issued a two part rule at the end of 2020 (October (11), December(12)), which also unleashed debt collectors. This rule, which clarified parts of the Fair Debt Collection Practices Act (FDCPA), addressed electronic communication methods that were not as popular as they are today. Prior to the rule's promulgation, the FDCPA only limited times debt collectors could contact consumers, whether they could call repeatedly, and when debt collectors had to stop calling. (13) The new rule allows multiple telephone contacts and unlimited social media contacts.

DEBT COLLECTION RULE PART 1: NUMBER OF CONTACTS

In the first released part of the rule, the CFPB clarified that debt collectors can make calls to consumers seven times a week per debt. (14) The rule also allows debt collectors to call a consumer's friends and relatives to ask for the consumer's contact information.

As described by many complaints in the CFPB's Consumer Complaint Database, rules allowing debt collectors to contact consumers seven times per week and to contact friends and family can result in communications that leave consumers feeling harassed.

“

They call daily and say I owe a debt, but can't exactly tell me the name of the company as they say it's been sold to them so it would be a different name. they called my previous employer as well. They use many different phone numbers but most say Convergent. I have paid many 3rd party debt collectors so I do not owe anyone at this time. They call non stop all day- they have also called my mother and son looking for me and saying I'm in legal trouble if I don't call back asap/Threaten me to the point I don't answer anymore.

Complaint number: 3898835

Date CFPB received the complaint: 1/6/2021

Issue: Communication tactics

Sub-issue: Frequent or repeated calls

Company name: Convergent Resources, Inc.

Company response to consumer: Closed with explanation

”

The rule allows for seven attempted calls per week per debt; if a consumer owes 3 debts, they could receive 21 calls from collectors.

Provisions in the rule also make it more likely that consumers will miss notices and important communications; collectors can use electronic communication to contact consumers unless the consumer opts-out. Electronic communication methods make it more likely the message will be sent to an old address or marked as spam. These methods also risk consumer privacy, as employers or family members could view the communications if sent to a shared email address.



XXXX XXXX XXXX will not respond to my mail but somehow continues to verify 11 Collection accounts with Experian and XXXX. I have never received any letter directly to my address about this debt in which I would then have 30 days to dispute the debt directly with XXXX XXXX XXXX. I have disputed directly with them and Experian and XXXX. Experian and XXXX continues to verify the debt but they wont even explain to me how or why it is verified.

Complaint number: 4031581

Date CFPB received the complaint: 12/26/2020

Issue: Written notification about debt

Sub-issue: Didn't receive notice of right to dispute

Company name: Tesani Management Inc

Company response to consumer: Closed with explanation



DEBT COLLECTION RULE PART 2: TIME-BARRED (ZOMBIE) DEBT

The second part of the CFPB's debt collection rule was released in late December and concerned time-barred, or so-called "zombie" debt. Time-barred debt is debt that has passed out of the statute of limitations, and a consumer cannot be sued for its collection. Both current law and the new rule allow debt collectors to restart the statute of limitations by convincing consumers to make a small payment on zombie debt.

Earlier proposals would have only prohibited collectors from threatening or suing consumers for debts they "know or should know" are time barred; this language would have given debt collectors a much broader loophole. They could more easily harass consumers into restarting debt. (15)

Consumer advocates had instead called for a rule that would outright prevent collectors from attempting to collect zombie debt. The second part of the debt collection rule, however, allows debt collectors to pressure consumers into paying their legally dead debt instead of outright prohibiting it. A consumer who makes even a small payment on a time-barred debt restarts the clock and is again subject, in numerous states, to further litigation.



Debt collection company called my father and told him I needed to call them back for legal documents I needed to sign. I called them back and said they were attorneys hired to pursue a judgement against me for a debt that was from 2005. They said that I was going to be charged with fraud and malicious intent to defraud the credit card company and would be required to attend a 3 day court hearing if I did not make arrangements for payment or present a settlement offer. I was asked if I were the responsible party for the debt when they reviewed my name, phone number, address and driver's license number. I said that I was the person that they were referencing and the debt could be mine but I wasn't sure. I told them that if it were my debt I would not have neglected to address the debt. I was told if I didn't settle or pay the debt in the amount of {\$1900.00} I would be taken to court, and my wages and bank account would be garnished for the full amount of {\$6800.00}. I asked about the statute of limitations first and they said that it didn't apply to the situation I was in as Chase Bank is FDIC insured. I said I would settle the debt as I was fearful that I would have legal action taken. I asked the company to send me everything we discussed in writing and they said they would email me the information within 30 minutes and if I didn't respond by end of day the deal would be off and they would pursue the lawsuit...I can't find anything on the business, address or phone number she provided. XXXX XXXX is name of company that they gave me. Elite Processing is name given to my father. Phone number - XXXX Lawyer - XXXX XXXX XXXX XXXX XXXX, XXXX XXXX XXXX, Georgia XXXX A law office came up at that address. I called and they told me they get multiple calls regarding this company and appears to be a scam.

Complaint number: 3898835

Date CFPB received the complaint :10/14/2020

Issue: Took or threatened to take negative or legal action

Sub-issue: Threatened to sue you for very old debt

Company name: JPMORGAN CHASE & CO.

Company response to consumer: Closed with explanation



“

I applied for what I thought was a payday loan for {\$1000.00}. I have paid already a little over {\$1200.00} back. They take {\$300.00} out of my check every two weeks. I called this morning to find out I still owe a little over {\$1500.00}. They stated I signed up to pay over 20 payments of {\$300.00} for a total of over {\$6000.00}. It is XXXX percent loan. I would have never signed up for that. I also thought it was illegal to do so in Ohio. I needed a temporary loan to pay my rent. I thought today would have been my final payment. Now I see I owe more and have over 16 {\$300.00} payments left. I did have them stop taking money out of my account going forward. This can't be legal. I have more than paid this loan back and now they may come after me for thousands of dollars during a pandemic. Is this legal? I also noticed I can't even get another loan. When you try to go back and apply it states they are no longer doing loans. Please help!!

”

Complaint number: 3966074

Date CFPB received the complaint: 11/20/2020

Issue: Charged fees or interest you didn't expect

Company name: LDF Holdings, LLC

Company response to consumer: Closed with explanation

| Conclusion and recommendations for action

Analysis of complaints in the CFPB’s Consumer Complaint Database highlights the problems consumers have faced during the coronavirus pandemic and the action they need taken by policymakers.

Consumers need protections and relief from their inability to pay bills during the entire pandemic period, plus a reasonable recovery period. They also need permanent credit reporting reforms and protection from predatory lending. The CFPB needs to be restored. We urge the Consumer Bureau to start fixing rules, jumpstart investigations, and make the Consumer Complaint Database easy to find and use again.

In other words, consumers need a government on their side, especially during this time. Consumers deserve no less.

RECOMMENDATIONS FOR CONGRESSIONAL AND EXECUTIVE ACTIONS

Evictions and Foreclosures

Recommendation: Extend the federal moratoriums on evictions and foreclosures for the duration of the pandemic and a reasonable recovery period. Policymakers must also take additional actions to help renters and homeowners; increased homelessness threatens public health. State and local policymakers can also take action.

Status: At the request of President Joe Biden, the Centers for Disease Control and Prevention (CDC) extended its moratorium on evictions until March 31, 2021. (16, 17)

Also at the request of President Biden, the U.S. Department of Agriculture (USDA), Housing and Urban Development (HUD), and Veterans Affairs (VA) extended moratoriums on foreclosures, first through March 31, 2021 and then through June 30, 2021. (18) Moratoriums on foreclosures for loans backed by Fannie Mae, Freddie Mac were extended until March 31, 2021. (19)

President Biden’s American Rescue Plan calls on Congress to extend the moratoriums on evictions and foreclosures until September 30, 2021. (20)

Student Loans

Recommendation: Expand eligibility for the pause on interest, principal payments, and collections for federal loans to include private student loans.

Status: At the request of President Biden, the Department of Education extended the pause on interest, principal payments, and collections for federal loans until September 30, 2021. (21)

Other Debt

Recommendation: Ban the following practices for the duration of the pandemic and a reasonable recovery period:

- Negative credit reporting
- Debt collections
- Utility shutoffs
- Vehicle repossessions
- Overdraft and other penalty fees

Status: Legislation passed by the House in the 116th Congress included a ban on negative credit reporting and restrictions on consumer debt collection during the COVID-19 pandemic and for 120 days thereafter. (22)

Corporate Immunity from Lawsuits

Recommendation: Exclude corporate immunity from any bills moving forward.

Status: A bipartisan, end-of-year coronavirus relief proposal would have federalized our liability system and provided broad corporate lawsuit immunity, which would take away the right of consumers and workers to have their Constitutional day in court when corporations don't take reasonable steps to protect them from COVID-19. The immunity provision was ultimately stripped from the final package that was signed into law, but Senator Mitch McConnell urged Congress to address the provision again during the new session. (23)

Credit Reporting

Recommendations:

Enact comprehensive and permanent credit reporting reforms, including:

- Improvements to the dispute process for errors on credit reports
- Access to free credit scores
- A requirement that credit bureaus obtain consumer consent before providing third party access to credit reports

Consider the idea of replacing private credit bureaus with a public credit registry

Status: The think tank Demos proposed replacing the private credit bureau oligopoly with a public credit registry, an idea President Biden supported on the campaign trail. (24) The Demos proposal would house the public registry in the CFPB and:

- Advance racial equity by developing new, transparent algorithms drawing on alternative data sources (beyond lending) to determine creditworthiness
- Hold companies accountable for consistently furnishing incorrect or incomplete information by imposing fines on them
- Improve data security by freezing personal credit information by default

Payday Lending

Recommendation: Protect all consumers, including military veterans, from predatory payday lenders by establishing a 36% rate cap.

Status: Residents of 17 states and the District of Columbia are protected from predatory loans by state interest rate caps and restrictions. (25)

Additionally, all active duty military families are protected from predatory loans by a 36% rate cap established by the Military Lending Act.

Economic Impact Payments

Recommendation: Prohibit 2020 tax refunds and stimulus payments from being reduced (“offset”) to pay back federal debts or from being garnished by debt collectors.

Status: Congress prohibited offsetting and garnishment of economic impact payments that have already been received. However, that protection needs to be extended to people who are still eligible to receive the payments by claiming the Recovery Rebate Credit. (26)

Financial industry associations and consumer advocates wrote a letter, which included support for garnishment protections, to Treasury Secretary Janet Yellen in February 2021. (27) Early in the pandemic, bank associations had joined consumer advocates to support limits on garnishment of economic impact payments. (28)

RECOMMENDATIONS FOR CFPB-RELATED ACTIONS

CFPB Director

Recommendation: Confirm President Biden’s nominee for CFPB Director, Rohit Chopra, in the Senate as soon as possible.

Status: Rohit Chopra is just the person to hit the ground running at the CFPB and correct the course after three years of disastrous leadership. He helped build the CFPB from the start, served as its first student loan ombudsman, and has most recently been a Federal Trade Commissioner. (29)

Rules

Recommendations: Halt implementation of the CFPB’s debt collection and payday lending rules and fix them. Write rules to stop abusive overdraft fees and to reform the credit bureaus.

Debt collection rule: The debt collection rule must be revisited and revised. Collectors are currently allowed too many phone call attempts- these should be scaled back to three attempted calls per week per consumer, not per debt. Consumers should opt-in to electronic communication, rather than have to opt-out. And lastly, collectors should be prohibited from contacting consumers about time-barred debt, and be prohibited from attempting to collect the legally dead debt. (30)

Payday rule: The CFPB should also consider a new payday rule, or revising the 2020 rule, to include language that requires lenders to consider a borrower's ability to repay.

Overdraft fees: Use CFPB rulemaking authority to stop abusive overdraft fees.

Credit Reporting Agencies: The CFPB should use rulemaking and enforcement to reform the credit bureaus, including by requiring stricter identity matching criteria such as the use of all nine digits of a Social Security number.

Status: The CFPB released the second and final part of its debt collection rule in December 2020. (31) The final rule removed provisions in the draft proposal that would have weakened consumer protections from debt that has exceeded its statute of limitations, known as time-barred debt or "zombie debt." However, the rule still allows for the collection of such debt. That's a big problem because if partial payment on time-barred debt is made, a consumer can be held liable for the entire debt all over again. In addition to being rewritten by the CFPB, the rule is also eligible for repeal under the Congressional Review Act. (32) Acting Director Dave Uejio has recommended a delay of implementation. "I have asked RMR [Research, Markets and Regulations] to: Explore options for preserving the status quo with respect to QM and debt collection rules. (33, 34)

The CFPB finalized a rewritten payday rule in July 2020 that guts critical payday lending protections.

These protections, including the requirement that lenders check if a customer can repay the high interest rates of payday loans before borrowing, were set to go into effect in 2019. But the Bureau under its previous director, Kathy Kraninger, delayed implementation of the protections and then finalized a rollback of its core ability to repay provision in July 2020.

Enforcement

Recommendations: Jumpstart investigations into wrongdoing and take enforcement actions that provide more restitution to consumers.

Return to enforcing violations of the Fair Credit Reporting Act (FCRA) and cancel Kathy Kraninger's guidances to regulated firms, including one that allowed credit bureaus to violate the 30-day deadline for investigating disputes during the pandemic. (35, 36)

Status: The CFPB's special edition of COVID-19 related Supervisory Highlights released in January 2021 underscores the need for robust investigations and enforcement during the pandemic to stop harmful practices, punish and deter wrongdoing, and return money back to consumers. It documents a wide range of problems that put consumers at risk in the marketplace, including foreclosures initiated against borrowers enrolled in forbearance, monthly payments withdrawn after auto loan servicers agreed to deferments, and credit card accounts put into delinquency due to backlogs in processing accommodation requests. (37)

Consumer Complaint Database

Recommendation: Make the CFPB’s Consumer Complaint Database and the complaints in the database easy to find and use again. Use the database more effectively to hold companies accountable, especially in the pandemic.

U.S. PIRG Education Fund made eight other recommendations last Spring with Consumer Action and the Student Borrower Protection Center to improve the database during the coronavirus pandemic. (38) Our suggestions included adding:

- A new coronavirus complaint tag to the database
- Expanded complaint categories, such as complaints concerning for-profit colleges

- Real-time access to the narratives, instead of the two week waiting period.
- Hold companies accountable for providing timely and responsive assistance through supervision of complaint handling practices.

Status: U.S. PIRG highlighted the problems with finding the database and its complaints in a letter to Director Kraninger in August 2020. (39)

Consumers used to be able to click on “Browse public complaints about companies” directly from the CFPB’s homepage to be taken to the database landing page. (See Figure 3.) We urge the CFPB to bring this option back.

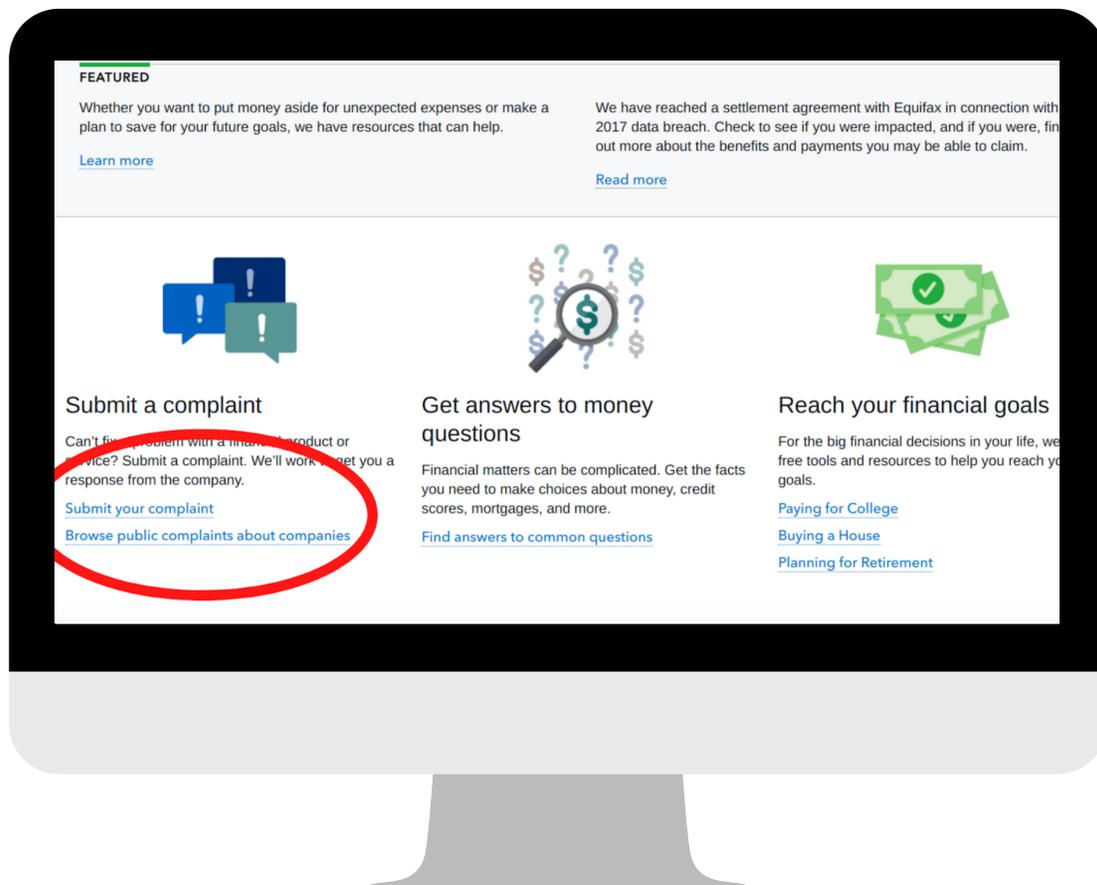


FIGURE 3. SCREENSHOT OF CFPB HOMEPAGE WITH LINK TO DATABASE LANDING PAGE (40)

Consumers currently have to click on either the “Consumer Education” or “Data & Research” menu headers on the homepage and choose among 10 or more categories to find the link to the Consumer Complaint Database landing page. Consumers are unlikely to know what “Consumer Complaint Database” means without a description.

The database landing page used to have a button that consumers could click to “Read consumer narratives.” (See Figure 4.) This button should be brought back.

The database search page currently defaults to a “map” view that aggregates the total number of complaints by each state.

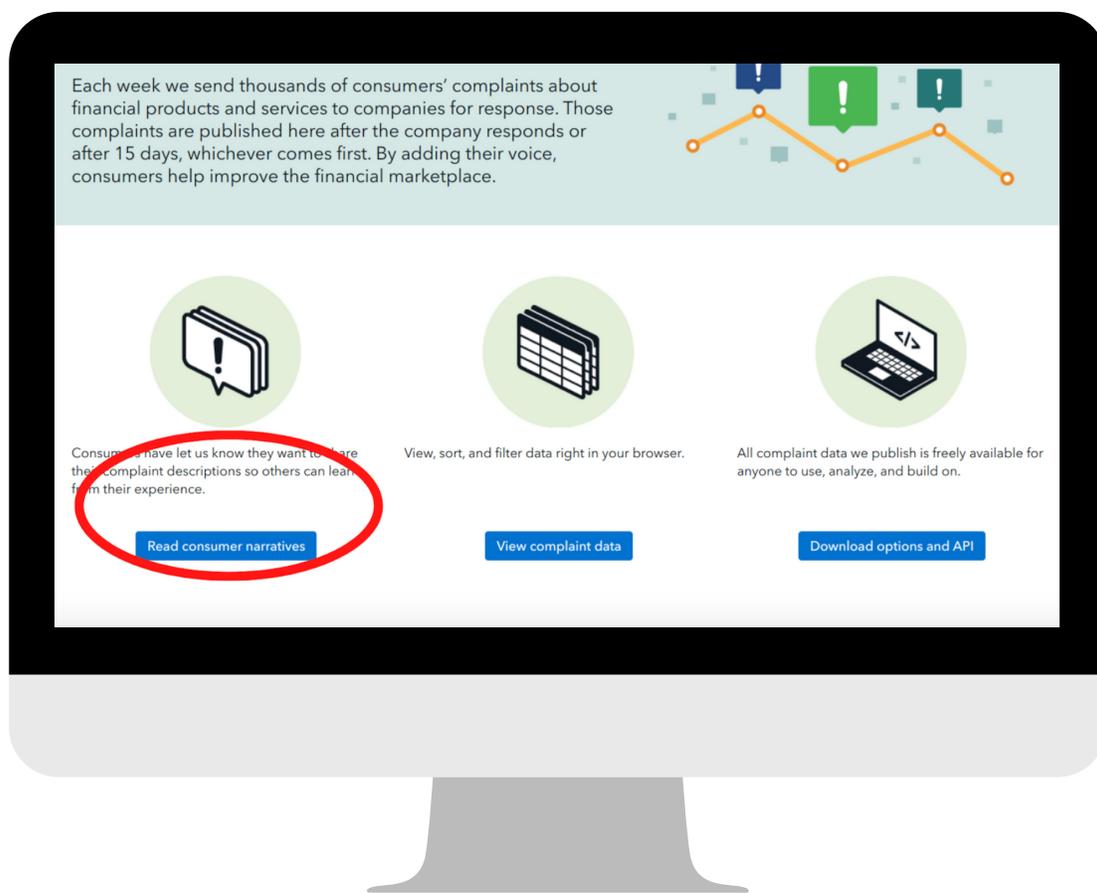


FIGURE 4. SCREENSHOT OF DATABASE LANDING PAGE WITH CONSUMER NARRATIVES BUTTON (41)

Consumers have to click on the third tab for a “list” view to see or know that individual complaints are available to search.

The “list” view should be the default setting for the database search page.

The database search page used to have "Only show complaints with narratives" as the first filter option. (42) (See Figure 5)

That option is now towards the bottom of the page in the 12th section of the filter bar. It should be returned to a prominent spot in the filter bar.

These changes back to the previous options will make it easier for consumers to use the database and benefit from other people’s experiences in the financial marketplace.

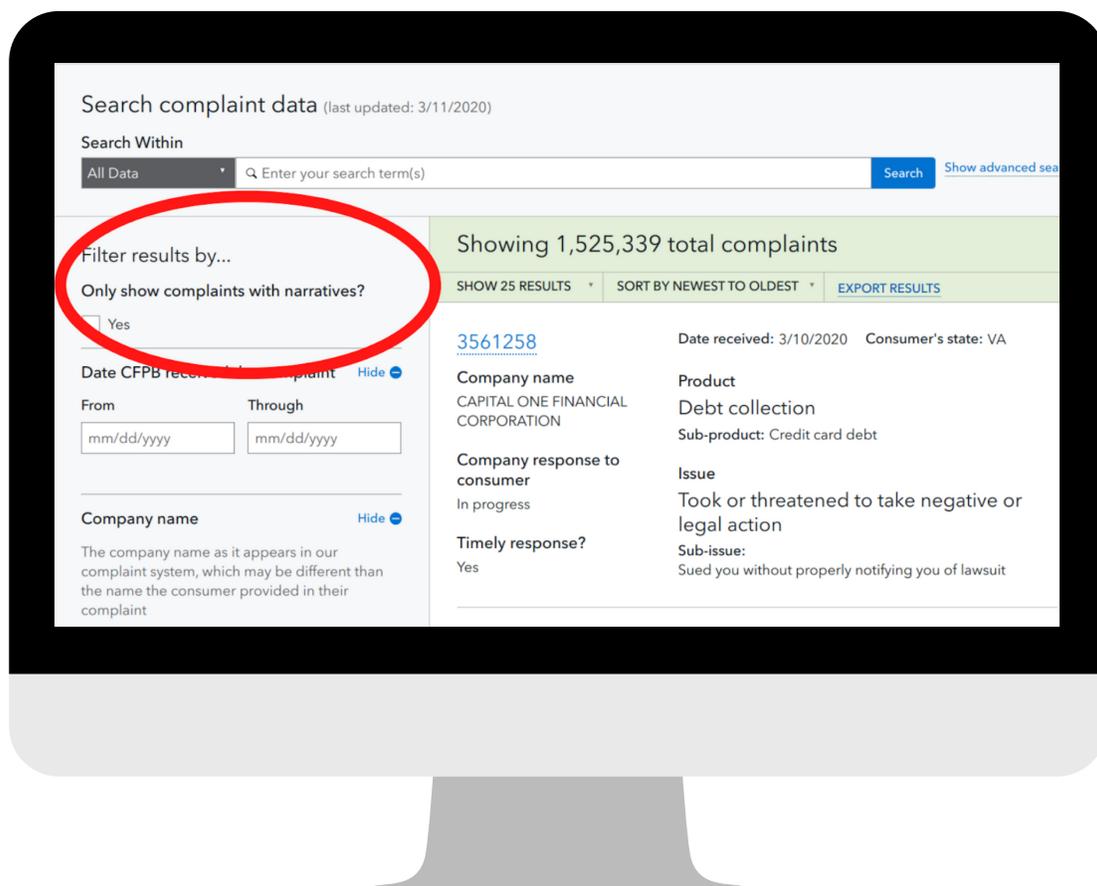


FIGURE 5. SCREENSHOT OF DATABASE WITH CONSUMER NARRATIVES AS THE FIRST FILTER OPTION (43)

Consumer Task Force

Recommendation: Disregard the CFPB Taskforce on Federal Consumer Financial Law’s report issued in January 2021.

Status: In January 2020 the CFPB created its Taskforce on Federal Consumer Financial Law with a stated purpose to “study the current legal and regulatory environment facing consumers and financial services providers and report its recommendations on ways to improve consumer financial laws and regulations to Director Kraninger.” (44)

U.S. PIRG, along with the National Association of Consumer Advocates (NACA), Professor Kathleen Engel, and Democracy Forward, sued the CFPB in June 2020 for unlawfully creating the taskforce and stacking it with industry-aligned members. (45)

The Taskforce released its 898-page, two-volume report with 102 recommendations, including eliminating state interest rate caps, limiting penalties for violations of the FCRA, and repealing provisions of the 2009 Credit CARD Act. (46)

TABLE 4. ALL LISTED RECOMMENDATIONS FOR ACTION

CONGRESSIONAL AND EXECUTIVE ACTIONS	CFPB-RELATED ACTIONS
Extend the federal moratoriums on evictions and foreclosures for the duration of the pandemic and a reasonable recovery period	Confirm President Biden's nominee for CFPB Director, Rohit Chopra, in the Senate as soon as possible
Ban the following practices for the duration of the pandemic and a reasonable recovery period: Negative credit reporting, debt collections, utility shutoffs, vehicle repossessions, overdraft and other penalty fees	Halt implementation of the CFPB's debt collection and payday lending rules and fix them. Ban the collection of time-barred debt and bring back the ability-to-repay requirement to the payday rule
Exclude corporate immunity from any bills moving forward	Use CFPB rulemaking authority to stop abusive overdraft fees and to reform the credit bureaus, including by requiring stricter identity matching criteria such as the use of all nine digits of a Social Security number
Enact comprehensive credit reporting reforms, including improvements to the dispute process for credit report errors, access to free credit reports and requirement that consumer consent is obtained before accessing credit reports	Jumpstart investigations into wrongdoing and take enforcement actions that provide more restitution to consumers
Seriously consider the idea of replacing the for-profit credit bureaus with a public credit registry	Return to enforcing violations of the Fair Credit Reporting Act (FCRA) and cancel guidance that allowed credit bureaus to violate the 30-day deadline for investigating disputes during the pandemic
Protect all consumers from predatory payday lenders by establishing a 36% rate cap	Make the CFPB's Consumer Complaint Database and the complaints in the database easy to find and use again
Prohibit 2020 tax refunds from being reduced (“offset”) to pay back federal debts or from being garnished by debt collectors	Disregard the CFPB Taskforce on Federal Consumer Financial Law’s report issued in January 2021
Expand eligibility for the pause on interest, principal payments, and collections for federal loans to include private student loans	

Notes

1. Blog entry by CFPB Acting Director Dave Uejio, 28 January 2021, available at <https://www.consumerfinance.gov/about-us/blog/the-bureau-is-taking-much-needed-action-to-protect-consumers-particularly-the-most-economically-vulnerable/>.

2. CFPB, “Supervisory Highlights COVID-19 Prioritized Assessments Special Edition, Issue 23, Winter 2021,” January 2021, available at https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-23_2021-01.pdf.

3. CFPB, Supervisory Guidance Home Page, available at <https://www.consumerfinance.gov/compliance/supervisory-guidance/>.

4. U.S. PIRG Education Fund, “Reports: The CFPB Gets Results For Consumers,” available at <https://uspirgedfund.org/page/usp/reports-cfpb-gets-results-consumers>.

5. Based on an analysis of complaints downloaded 21 January 2021. Complaints reported in December may continue to increase slightly after that date. The CFPB records complaints as of the date received, but does not publicly post them until after company review.

6. Final Rule, Payday, Vehicle Title, and Certain High-Cost Installment Loans, 5 October 2017. <https://www.consumerfinance.gov/rules-policy/final-rules/payday-vehicle-title-and-certain-high-cost-installment-loans/>.

7. Final Rule, Payday, Vehicle Title, and Certain High-Cost Installment Loans—Revocation Rule, Consumer Financial Protection Bureau, 7 July 2020, available at <https://www.consumerfinance.gov/rules-policy/final-rules/payday-vehicle-title-and-certain-high-cost-installment-loans-revocation-rule/>.

8. Ibid.

9. Map of US Payday Loan Interest Rates, Center For Responsible Lending, 17 Feb 2021, available at <https://www.responsiblelending.org/research-publication/map-us-payday-interest-rates>.

10. Megan Leonhardt, “Payday loans can have interest rates over 600%—here’s the typical rate in every U.S. state”, CNBC, 16 Feb 2021, available at <https://www.cnbc.com/2021/02/16/map-shows-typical-payday-loan-rate-in-each-state.html>.

11. CFPB, “Debt Collection Practices (Regulation F)”, October 2020, available at <https://www.consumerfinance.gov/rules-policy/final-rules/debt-collection-practices-regulation-f/>.

12. CFPB, “Debt Collection Practices (Regulation F)”, December 2020, available at <https://www.consumerfinance.gov/rules-policy/final-rules/debt-collection-practices-regulation-f-2020-12/>.

13. Federal Trade Commission, “Fair Debt Collection Practices Act”, 2010, available at <https://www.ftc.gov/enforcement/rules/rulemaking-regulatory-reform-proceedings/fair-debt-collection-practices-act-text>.

14. CFPB, “Debt Collection Practices (Regulation F)”, October 2020, available at <https://www.consumerfinance.gov/rules-policy/final-rules/debt-collection-practices-regulation-f/>.

15. CFPB, “Consumer Financial Protection Bureau Issues Supplemental Notice of Proposed Rulemaking on Time-Barred Debt Disclosures”, Feb 2020, available at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-issues-supplemental-nprm-on-time-barred-debt-disclosures/#:~:text=The%20Bureau%20proposes%20to%20prohibit,the%20debt%20is%20time%20barred.>

16. The White House, Fact Sheet: President-elect Biden’s Day One Executive Actions Deliver Relief for Families Across America Amid Converging Crises, 20 January 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/01/20/fact-sheet-president-elect-bidens-day-one-executive-actions-deliver-relief-for-families-across-america-amid-converging-crises/> and <https://www.cdc.gov/coronavirus/2019-ncov/covid-eviction-declaration.html>.

17. The moratorium applies to renters of any rental property who meet certain criteria, including having an annual income of less than \$99,000 or less than \$198,000 for a joint tax return, making efforts to obtain government rental or housing assistance, and being at risk of homelessness. Individuals must certify their eligibility for the moratorium by providing their landlords a signed declaration.

Centers for Disease Control and Prevention Department of Health and Human Services, Order Under Section 361 of the Public Health Service Act (42 U.S.C. 264) and 42 Code of Federal Regulations 70.2 Temporary Halt in Residential Evictions to Prevent the Further Spread of COVID (Order), <https://www.cdc.gov/coronavirus/2019-ncov/more/pdf/CDC-Eviction-Moratorium-01292021.pdf>.

18. The White House, Fact Sheet: Biden Administration Announces Extension of COVID-19 Forbearance and Foreclosure Protections for Homeowners, 16 February 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/02/16/fact-sheet-biden-administration-announces-extension-of-covid-19-forbearance-and-foreclosure-protections-for-homeowners/>.

19. Federal Housing Finance Agency, FHFA Extends Foreclosure and REO Eviction Moratoriums and COVID Forbearance Period (News Release), 9 February 2021, <https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Extends-Foreclosure-and-REO-Eviction-Moratoriums-and-COVID-Forbearance-Period.aspx> and Veterans Benefits Administration, Extended Foreclosure and Eviction Relief for Borrowers Affected by COVID-19 (Circular), 29 January 2021, https://www.benefits.va.gov/HOMELoANS/documents/circulars/26_21_02.pdf.

20. The White House, President Biden Announces American Rescue Plan (Press Release), 20 January 2021, <https://www.whitehouse.gov/briefing-room/legislation/2021/01/20/president-biden-announces-american-rescue-plan/>.

21. Federal Student Aid, Coronavirus and Forbearance Info for Students, Borrowers, and Parents (Fact Sheet), <https://studentaid.gov/announcements-events/coronavirus>.

22. The Heroes Act, H.R. 6800, 116th Congress, 2020 <https://appropriations.house.gov/sites/democrats.appropriations.house.gov/files/Updated%20Heroes%20Act%20Summary.pdf>.

23. Jacob Pramuk, "Bipartisan group releases Covid relief bill as Congress faces pressure to send help," CNBC, 14 December 2020, <https://www.cnbc.com/2020/12/14/coronavirus-stimulus-updates-bipartisan-relief-bill-will-be-released.html>.

24. Amy Traub, Demos Next 20, Establish a Public Credit Registry, 3 April 2019, <https://www.demos.org/policy-briefs/establish-public-credit-registry> and Megan Leonhardt, "Joe Biden's policy roadmap aims to create a new, federally-backed credit bureau to close the racial wealth gap," CNBC, 9 July 2020, <https://www.cnbc.com/2020/07/09/joe-biden-democrats-aim-to-close-racial-wealth-gap-with-new-credit-bureau.html>.

25. Jacob Passy, A red state is capping interest rates on payday loans: 'This transcends political ideology,' MarketWatch, originally published 5 November 2020, updated 7 November 2020, <https://www.marketwatch.com/story/a-trump-supporting-state-is-capping-interest-rates-on-payday-loans-this-transcends-political-ideology-11604533732>.

26. National Consumer Law Center (NCLC), Protect Tax Refunds from Offset and Garnishment: Preserve Stimulus Payments, Earned Income Tax Credits, and Child Tax Credits for Suffering Families (Brief), February 2021, https://www.nclc.org/images/pdf/special_projects/covid-19/IB_Protect_Tax_Refunds.pdf.

27. American Bankers Association et al., Recommendations to Improve Delivery of Economic Impact Payments to Americans, published 8 February 2021, available at https://www.icba.org/docs/default-source/icba/advocacy-documents/letters-to-regulators/recommendations-to-improve-delivery-of-economic-impact-payments.pdf?sfvrsn=db860d17_0.

28. Letter, "Bank Associations Join Consumer Groups To Oppose Covid-19 Check Garnishment," 22 April 2020, available at <https://uspirg.org/resources/usp/bank-associations-join-consumer-groups-oppose-covid19-check-garnishment>.

29. U.S. PIRG, USPIRG Applauds Biden Nominees Chopra to head CFPB and Gensler to Chair SEC (press release), 18 January 2021. <https://uspirg.org/news/usp/statement-uspirg-applauds-biden-nominees-chopra-head-cfpb-and-gensler-chair-sec>.

30. NCLC.org Fact Sheet, January 2021, available at https://www.nclc.org/images/pdf/debt_collection/IB_Top_Fix_Debt_Coll_2021.pdf

31. CFPB, Consumer Financial Protection Bureau Issues Final Rule on Consumer Disclosures Related to Debt Collection (press release), 18 December 2020.

<https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-issues-final-rule-on-consumer-disclosures-related-to-debt-collection/>.

32. Regulations submitted to Congress on or after August 21, 2020 are eligible for repeal under the Congressional Review Act. See <https://sensible safeguards.org/factsheets/congressional-review-act-qa/> Coalition for Sensible Safeguards, Congressional Review Act Q&A (fact sheet), 13 January 2021.

33. See U.S. PIRG's statement at <https://uspirg.org/news/usp/cfpb%E2%80%99s-debt-collection-rule-fails-prevent-unfair-practices> U.S. PIRG, CFPB's Debt Collection Rule Fails to Prevent Unfair Practices (press release), 21 December 2020.

34. Director's Notebook, 4 February 2021, available at <https://www.consumerfinance.gov/about-us/blog/the-bureau-is-working-hard-to-address-housing-insecurity-promote-racial-equity-and-protect-small-businesses-access-to-credit/> Dave Uejio, "The Bureau is working hard to address housing insecurity, promote racial equity, and protect small businesses' access to credit," CFPB, 4 February 2021.

35. U.S. PIRG joined a coalition letter calling on Director Kraninger to stop letting the credit reporting industry violate the FCRA. See <https://uspirg.org/news/usp/cfpb-director-stop-letting-industry-violate-fair-credit-reporting-act> U.S. PIRG, CFPB Director: Stop Letting Industry Violate Fair Credit Reporting Act (press release), 24 September 2020.

36. The National Consumer Law Center also has a list of recommendations for fixing consumer credit problems this year. See https://www.nclc.org/images/pdf/credit_reports/IB_Biden_FCRA_Priorities_2021.pdf National Consumer Law Center, 2021 Credit & Consumer Reporting Priorities to Promote Economic Recovery (press release), December 2020.

37. CFPB, Supervisory Highlights COVID-19 Prioritized Assessments Special Edition, Issue 23, January 2021, https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-23_2021-01.pdf.

38. U.S. Public Interest Research Group (U.S. PIRG), AMERICANS NEED STRONGER CONSUMER PROTECTIONS DURING COVID-19 CRISIS (News Release), 24 April 2020, <https://uspirg.org/news/usp/americans-need-stronger-consumer-protections-during-covid-19-crisis>.

39. Advocacy for Principled Action in Government et al., Hidden Narratives in the CFPB Consumer Complaint Database, published 11 August 2020, available at https://uspirg.org/sites/pirg/files/resources/Complaint%20DB%20Hidden%20Narratives-Advocates%27%20Ltr%20and%20Attachment-8-11-20_0.pdf.

40. We added the red circle to this screenshot of the CFPB's homepage to show where the link to the database landing page used to be. <https://web.archive.org/web/20191209014206/https://www.consumerfinance.gov/> CFPB, "We're the CFPB," accessed 18 February 2021, archived at <https://web.archive.org/web/20191209014206/https://www.consumerfinance.gov/>.1.

41. We added the red circle to this screenshot of the database landing page to show where the consumer narratives button used to be. <https://web.archive.org/web/20190904231955/https://www.consumerfinance.gov/data-research/consumer-complaints/> CFPB, "Consumer Complaint Database," accessed 18 February 2021, archived at <https://web.archive.org/web/20190904231955/https://www.consumerfinance.gov/data-research/consumer-complaints/>.

42. CFPB, "Consumer Complaint Database," accessed 18 February 2021, archived at https://web.archive.org/web/20191114050707/https://www.consumerfinance.gov/data-research/consumer-complaints/search/?from=0&searchField=all&searchText=&size=25&sort=created_date_desc.

43. We added the red circle to this screenshot of the database search page to show where the consumer narratives filter option used to be. CFPB, "Consumer Complaint Database," accessed 18 February 2021, archived at https://web.archive.org/web/20200404214457if_/https://www.consumerfinance.gov/data-research/consumer-complaints/search/?from=0&searchField=all&searchText=&size=25&sort=created_date_desc.

44. CFPB, Taskforce on Federal Consumer Financial Law, accessed on 18 February 2021, available at <https://www.consumerfinance.gov/rules-policy/taskforce-federal-consumer-financial-law/>.

45. U.S. Public Interest Research Group (U.S. PIRG), CONSUMER ADVOCATES SUE CFPB FOR GRANTING FINANCIAL SERVICES INDUSTRY ILLEGAL INFLUENCE OVER CONSUMER PROTECTION POLICY (News Release), 16 June 2020, <https://uspirg.org/news/usp/consumer-advocates-sue-cfpb-granting-financial-services-industry-illegal-influence-over>.

46. U.S. Public Interest Research Group (U.S. PIRG), STATEMENT: ILLEGITIMATE CFPB TASK 'FARCE' ISSUES FINAL REPORT PROMOTING BUSINESSES OVER CONSUMERS (News Release), 6 January 2021, <https://uspirg.org/news/usp/statement-illegitimate-cfpb-task-%E2%80%98farce%E2%80%99-issues-final-report-promoting-businesses-over>.