
Issues and Outcomes Report
January to December 2015

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This provides a review of some of the financial products and services most in need of reform and an accounting and analysis of reform outcomes from January to December 2015.

The report covers the following issues:

- Payday lending
- Car-title lending
- Consumer installment lending
- Mortgages
- Student lending
- Auto lending
- Credit cards
- Prepaid cards
- Deposit accounts/overdraft practices
- Credit reporting
- Debt collection/buying
- Debt settlement

Responsible financial products and services play an important role in the lives of Americans, helping them pay for goods and services, manage risk, and borrow to build assets and save and invest for the future. However, predatory features of financial products and services can have devastating consequences. They can trap consumers in an inescapable cycle of debt, trick consumers into paying for products they do not want, or surprise consumers with hidden fees and costs. Consumer advocates work to reform financial products and services so that they work for—not against—consumers.

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BACKGROUND & METHODOLOGY

This report is the third in a series of annual reports details issues, ideals and outcomes from 2013 – 2015. The report follows the methodology and structure of our previous reports, allowing us to see progress over time. The Center for Responsible Lending (CRL,) Americans for Financial Reform (AFR), and the Ford Foundation selected the 12 issues covered in this report. We selected these issues primarily because consumer advocates are actively working on them—some for a long time (e.g., payday lending, credit cards) and some less until recently (e.g., debt settlement). We identified a set of market ideals, which we strive to keep consistent from year to year, and describe the current state of the marketplace for each product or service.

Issue	Narrative assessment of issue
	Market Highlights
<i>Ideals are described for each issue.</i>	
<i>A single issue may have multiple ideals identified.</i>	

The narrative assessment section describes the product or service in more depth with a focus on the current practices that are harmful to consumers. The blue section highlights a few recent statistics about each market. The ideals (presented in italics) describe attributes of each financial product or service that, if in place, would ensure that consumers are protected and able to benefit from the product or service. CRL developed the assessment and ideals after reviewing press releases, papers, reports and other documents produced by consumer advocates.¹

We also present a list of outcomes associated with each issue. These outcomes occurred between January and December of 2015 and include regulatory and legislative actions as well as product or market changes. Some outcomes improved the market, while others added challenges for consumers. As in past years, we identified outcomes by reviewing news stories and press releases² and by soliciting ideas from AFR members. All suggested outcomes that could be verified (by news stories, press releases or legislative documents) were included in the report.

¹ The documents CRL reviewed came from CRL itself, National Consumer Law Center (NCLC), Demos, the Pew Charitable Trusts (Pew), and AFR. However, CRL wrote the issue summaries and ideals, and they are not intended to present the consensus opinion of all advocacy groups.

² The press releases were from federal regulators (CFPB, FDIC, OCC, and FTC) and consumer advocates (NCLC, CRL, AFR, and Pew).

<i>Outcome</i>	RATING	Summary description.
	Impact	

We summarize, rate, and describe the impact of each outcome and also provide an overview of key markers (key actions that are not yet outcomes). The rating indicates the degree to which the outcome changes the market with respect to the ideals. The scale for the rating is:

GAIN:	Fosters good or restricts bad practices
HELPS:	Supports good practices or restricts bad practices, but does not lead to a tangible change
HOLD:	Maintains status quo practices (good and bad practices)
HARMS:	Supports bad practices, but does not lead to a tangible change
LOSS:	Fosters bad practices or restricts good practices

RESULTS & FINDINGS

The bulk of this report consists of a listing of each rated and discussed outcome by issue, however, when considering all of the outcomes together some interesting trends are apparent. On the whole, the outcomes increased consumer protections for many financial products and services as a result of industry, federal, state, and regulatory actions. However, some issues experienced less change or reduced consumer protections and some saw more action in one forum compared to others. It is important to note that not all actors are relevant for every issue. For example, credit cards are primarily overseen at the federal level so it is reasonable for the outcomes we identified to all be by federal actors. Similarly, not all outcomes have the same impact. For example, a single rule issued by the CFPB could have a greater impact than a many state laws.

Summary of Actions by Product						
	Federal Regulatory and Judicial Action	Federal Legislation	Industry Practices	State Legislation	State Regulatory and Judicial Action	Other
Payday lending	Green		Green	Green	Yellow	Green
Car title lending	Green					
Consumer installment lending	Green	Yellow		Yellow		Green
Student lending	Green		Green	Green		Green
Auto lending	Green	Yellow	Green		Green	
Credit reporting	Green		Red	Green	Yellow	Green

Deposit accounts/overdraft practices	Green		Green			Green
Prepaid cards	Green		Green	Red		Green
Credit cards	Green	Yellow				Green
Money transfer (remittances)						
Debt collection/buying	Green	Yellow		Green	Yellow	Red
Mortgages	Green	Yellow	Red	Green		Green
Debt settlement	Green		Green	Yellow		
Other	Green	Yellow				Green
This table is color coded. Green indicates that the outcomes in the given category improved the market for consumers; Yellow indicates outcomes that didn't change the market one way or the other; and Red indicates outcomes that harmed consumers.						

On the whole, the outcomes increased consumer protections for many financial products and services. The outcomes also reflect the appetite of federal and state actors to draw attention to bad practices and hold companies accountable to consumer protection standards and laws. Some of the most notable outcomes of the year include:

- The Department of Defense issued new rules that expanded the scope of products covered by the Military Lending Act to include car title and more consumer installment loans. In addition to increasing protections for service members this change also provided an important marker for forthcoming, comprehensive small dollar loan rulemaking being considered by the CFPB.
- The Department of Education issued new rules to protect student bank accounts (the Cash Management Rule) and to require most for-profit colleges to prepare students for “gainful employment.”
- The U.S. Supreme Court upheld the use of disparate impact, a provision that has been used for over 4 decades to protect borrowers from discriminatory lending practices.
- The CFPB brought action against Honda for discriminatory pricing in auto lending. One bank, BB&T ended the practice of discretionary dealer mark-up after regulatory pressure.
- Regulators began collecting fee breakdown information on Bank Call reports, making more data available about the amount of overdraft fees charged to consumers.
- The CFPB continued to take action and order large fines and restitution for credit card companies engaged in deceptive add-on practices.
- States actively considered debt collection and settlement laws, some that expanded and some that removed consumer protections.
- Federal regulators took a number of enforcement actions (we list 86) to stop and penalize illegal practices and restore lost money to harmed consumers.

When looking across all of these outcomes, some general themes emerge. Most notable is the continued prominent role of the CFPB. State outcomes tended to be more mixed and, while nearly all the industry changes we noted improved products, many of these changes were engendered by regulator actions. Finally some important court rulings in 2015 highlight the importance of the court system in upholding consumer protection laws.

Federal regulators actively promoted consumer protections, led by the CFPB. Federal regulators were active in promoting consumer protections. CFPB was the most active agency, but the financial regulators and agencies including the Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), the Federal Housing Finance Agency (FHFA), Federal Housing Administration (FHA), the Securities and Exchange Commission (SEC), the Federal Trade Commission (FTC), the Federal Communications Commission (FCC), and the Departments of Treasury Justice, Defense and Education all

took important steps as well. In all types of actions, the CFPB led Federal regulators-- approximately half of the outcomes in this report involved the CFPB.

Federal agencies—including CFPB—were most active in the enforcement arena, putting an end to illegal practices in many areas and offering victims restitution. There are dozens of such examples, among them CFPB ordered Citibank to pay \$700 million in consumer relief for illegal credit card practices; CFPB and DOJ brought actions against Fifth Third Bank and Honda to addressing discriminatory pricing for African-American and Hispanic borrowers; CFPB brought an enforcement action against EZCORP, requiring them to pay \$10 million for illegal debt collection practices in seeking repayment of payday and installment loans.³ Student loans, mortgages and debt collection related practices drew the most enforcement action attention. In addition, federal agencies issued reports to help identify and bring attention to key consumer abuses. CFPB issued reports covering a wide range of issues including credit cards, credit reporting, deposit accounts, mortgages and student loans.

CFPB Actions by Product								
	Data	Education	Guidance	Other	Report	Rule	Settlements, orders, judgement	Grand Total
Payday Lending							3	3
Car title Lending						1	1	2
Consumer Installment						1	3	4
Mortgages	1		1		2	2	15	21
Student Lending	1		4		1		4	10
Auto Lending						1	3	4
Credit Reporting					1		2	3
Deposit Accounts and Overdraft	1	1	1		1		2	6
Credit Cards					1	1	5	7
Prepaid Cards				1				1
Debt Collection and Debt Buying			1				11	12
Debt Settlement							1	1
Other		2			2	1	3	8
Grand Total	3	3	7	1	8	7	53	82

³ For a list of all CFPB enforcement actions, see <http://ourfinancialsecurity.org/details-and-impacts-of-cfpb-enforcement-actions/>

On the Congressional front, Congress introduced and debated a number of bills that would have weakened the CFPB or prevented it from issuing rules. Most notably, the House passed a bill that would limit the ability of the CFPB to continue to root out discriminatory pricing in auto lending through the practice of discretionary dealer mark ups. The bill has not been taken up in the Senate. A number of regulatory reform bills and amendments to bills were also considered as part of the year end budget process. Although most of these were not enacted, two provisions that weakened consumer protections became law as amendments to “must pass” bills: one that allows debt collection robocalls to cellphones and a second that expanded an exemption to Qualified Mortgage (QM) protections. Advocates worked hard to make sure that most provisions that undermined existing strong consumer protections or substantially weakened CFPB’s regulatory powers became law through this process. These threats continue into 2016, so we did not consider all of the specific bills and amendments that were considered, with the exception of the auto bill, as outcomes for this report.

Industry changes tended to follow pressure from regulators. Last year, several important outcomes stemmed from key changes in industry makeup or business practices. Many of these changes were made in reaction to earlier regulator actions. Mostly, these engendered positive outcomes for consumers. In some cases, harmful industry players decided to exit the business altogether. For example, EZCorp announced the closure of its US Financial Services division, ending the company’s payday, car-title and consumer installment lending activities. Morgan Drexen, a debt settlement firm, also closed in 2015 after losing in a suit filed by CFPB. BB&T Bank ended dealer interest-rate markups in response to CFPB guidelines.

State regulators acted to increase consumer protections largely through enforcement actions and settlements with financial companies for violating state laws. Among the many successful state enforcement actions were a coordinated settlement with 32 states and the 3 largest credit bureaus which addresses some of the most egregious problems in the credit reporting system, enforcement actions in Michigan and Oregon to stop the actions of an illegal car title lender, and a suit in DC brought against CashCall for attempting to collect on illegal loans, following the lead of a number of states that brought similar suits in 2014.

State legislators acted on bills that would both help and harm consumers, but the vast majority of these bills did not pass, and as a result consumers were largely left with the status quo. This does not mean that these were not hard-fought battles, both to promote good bills (such as in favor of APR rate caps for small-dollar loans or increased regulation in the debt-settlement industry) and to oppose bad bills (such as to lift rate caps or authorize for-profit debt-settlement companies). In the end, though, only a handful of state bills were enacted with a mix of impacts for consumers.

Court rulings protected key aspects of consumer protection laws. There were also some notable court decisions in 2015 stemming from abuses of both state and federal laws. Notably, the Supreme Court upheld the use of disparate impact, a provision that has been used for over 4 decades to protect borrowers from discriminatory lenders. Courts at the state, circuit and appellate levels also issued rulings that, in general, upheld consumer protections in the areas of payday lending, debt collection, credit cards and deposit accounts.

CONCLUSION

Overall, 2015 saw mostly continued movement by government actors to increase protections for consumers seeking financial products and services. The outcomes listed in the remainder of this report show progress in each issue area and, taken together, highlight the important role different actors play in ultimately creating a safer marketplace. For example, having a strong law in place is not sufficient to protect consumers if that law is not backed up by strong enforcement; and enforcement must be further supported by court rulings which ultimately uphold the law. Consumer advocates continue to fight to further increase consumer protections, to encourage vigorous enforcement of laws and rules, and to support protections when they are challenged in court. Ultimately, this work moves each marketplace closer to the ideals expressed for each issue in this report – to stop harmful lending practices that leave borrowers further behind and have financial products and services that responsibly serve all creditworthy consumers.

Payday Lending	<p>Payday loans are high-cost loans averaging \$350 that typically require a single payment made two weeks later, although an emerging practice is multi-payment payday installment loans. Whether the loan is made online, in storefronts, or through banks, most borrowers cannot both repay the loan and cover basic expenses. As a result, borrowers take out multiple successive loans, paying fees each time. Payday lenders use a borrower’s post-dated check or electronic access to the bank account as collateral for the loan. Lenders do not underwrite the affordability of the loan since they are “first-in-line” when the borrower gets a paycheck.</p> <p>In 2015, triple-digit APR loans that trap borrowers into long-term debt continued to persist, but momentum for change continued to build. The CFPB continued to lay the groundwork for putting forth a strong payday lending rule. No additional states authorized payday lending.</p>	
	36 states where banks and storefronts make payday loans	80% of loan volume is due to churn
	\$3.4 billion in annual fees paid for non- bank loans	
<ul style="list-style-type: none"> • <i>Lenders should make loans only after determining that the borrower is able to repay the loan while meeting other expenses without re-borrowing.</i> • <i>Loans should not create a long-term cycle of debt.</i> • <i>Annual Percentage Rates (APR) should not exceed 36%.</i> • <i>Loans should be successfully repaid as the loans are originally structured, without high levels of eventual defaults, rollovers, or refinancings.</i> 		
DOD expands Military Lending Act	GAIN Increases protections	The Department of Defense expanded the Military Lending Act rules to cover all payday loans, vehicle title loans, refund anticipation loans, deposit advance loans, installment loans, and credit cards extended to service members. These products will now be subject to the current 36% interest rate cap service members and their families receive under MLA. Additionally, the expansion closes a loophole that allowed predatory lenders to continue targeting servicemembers by offering loans that were above \$2,000 or had a duration of more than 91 days.
OR bill strengthens enforcement	GAIN Restricts bad practices	The Oregon state legislature passed and the governor signed a law that makes void any payday loan made in violation of Oregon's payday loan law.
EZCorp stops lending	GAIN Restricts bad practices	After an internal review, EZCorp announced it would close its US Financial Services division. This move ended the company's payday, car-title and consumer installment lending activities.
CFPB orders EZCORP to Pay \$10 Million	GAIN Restricts bad practices	The CFPB took action against EZCORP for illegal visits to consumers at their homes and workplaces, empty threats of legal action, lying about consumers’ rights, and exposing consumers to bank fees through unlawful electronic withdrawals. The Bureau ordered EZCORP to refund \$7.5 million to 93,000 consumers, pay \$3 million in penalties, and stop collection of remaining payday and installment loan debts owed by roughly 130,000 consumers. EZCORP is also barred from future in-person debt collection.

CFPB takes action against online lender for deceiving borrowers	GAIN Restricts bad practices	The CFPB filed an administrative lawsuit against online lender, Integrity Advance, LLC and its CEO, James R. Carnes, for deceiving consumers about the cost of short-term loans. The Bureau alleges that the company's contracts did not disclose the costs consumers would pay under the default terms of the contracts and that the company unfairly used remotely created checks to debit consumers' bank accounts even after the consumers revoked authorization for automatic withdrawals.
CFPB sues NDG Enterprise and offshore payday lender	GAIN Restricts bad practices	The CFPB filed suit against NDG Enterprise, a complex web of commonly controlled companies, for illegally collecting loan amounts and fees that were void or that consumers had no obligations to repay, and for falsely threatening consumers with lawsuits and imprisonment. The CFPB is seeking to end the companies' alleged illegal practices and obtain monetary relief for consumers.
Army removes barriers to AER	GAIN Fosters good practices	The army made it easier for some soldiers to access to internal interest-free emergency loans, Army Emergency Relief (AER). Soldiers needing this assistance will not have to go through a commanding officer to access the funds. AER is a much less costly loan than payday loans which have been targeted to soldiers.
FTC orders refunds in online payday scam	GAIN Restricts bad practices	The Federal Trade Commission returned \$1.5 million to nearly 65,000 consumers who lost money to an online operation that illegally debited their bank accounts when they sought payday loans. According to the FTC's complaint, the defendants' websites failed to disclose that they would use consumer's bank account information to charge them for enrollment in unwanted programs and services.
FTC stops company from collecting phantom debts	GAIN Restricts bad practices	The settlement resolves a complaint the FTC filed against Kirit Patel, Broadway Global Master Inc., and In-Arabia Solutions Inc. in 2012, alleging that callers working with the defendants harassed consumers into paying on bogus debts, often pretending to be agents of law enforcement or fake government agencies and illegally processed more than \$5.2 million in payments from consumers for payday loan debts they did not owe.
FTC stops payday loan fraud scheme	GAIN Restricts bad practices	The FTC settled charges against defendants who used information from lead generators and data brokers to deposit money into applicants' bank account without their consent. In addition, the defendants would provide consumers with forged loan applications and other fake supporting documents. The FTC action stops the illegal practices and bars the defendants from the consumer lending business.
CA bans ads from unlicensed lenders in search engines	HELPS Limits scale of bad actors	The California Department of Business Oversight worked with major search engines to ensure that unlicensed payday lenders did not advertise over the internet to CA residents.
CA considers new rules	HELPS Increases oversight	The CA Department of Business Oversight released plans to increase protections for payday borrowers in the state. Previous versions of the proposed changes would have made consumers accounts and prepaid cards more vulnerable to some of the most dangerous practices of payday lenders.
PA court upholds state rate caps	HELPS Restricts bad practices	A court in Pennsylvania rejected a motion to dismiss a case brought by the state attorney general against tribal lending operations that violated state interest rate caps. This decision keeps consumer protections in place in PA and in other states.

UT court rejects collusive settlement	HELPS Restricts bad practices	A court in Utah refused to approve a payday loan class action settlement with Western Sky and CashCall, which would have bound consumer to repay illegal loans. This decision keeps the class action suit alive.
AZ rejects bill to allow payday	HOLD Prevents bad practices	Arizona lawmakers rejected a bill that would have allowed triple-digit payday loans back into the state. After a 2008 voter referendum, payday loans are limited to a 36% interest rate cap in the state.
VA fails to pass payday zoning restrictions	HOLD Allows bad practices	Virginia lawmakers failed to pass a bill that would have allowed zoning ordinances to include reasonable limits on the number of payday lenders licensed to be operated at any one time within any zoning district.
NV passes sham reform bill	HOLD Allows bad practices	A Nevada bill, the Payday Lender Best Practices Act, adopts certain provisions of the Community Financial Services Association of America's Best Practices for the Payday Loan Industry. These provisions, touted by payday lenders as "best practices," do nothing to stop the debt trap of payday loans.
WI rejects bill to expand payday	HOLD Prevents bad practices	Wisconsin Governor Walker vetoed a bill that would have expanded payday lending authority and allowed payday lenders to provide more services, such as insurance, annuities and financial advice.
States fail to pass rate cap bills	HOLD Allows bad practices	New Mexico, Virginia, Alabama, Missouri, Rhode Island, Hawaii, Mississippi, and South Carolina introduced payday loan rate cap bills that were defeated. Although, these bills were defeated, they were pushed by consumer advocate coalitions and represent the push by the public to rein in these practices

Car-title lending	Car-title loans are expensive loans secured by a borrower's vehicle. They are generally offered as payday-loan-like single-payment loans with one-month terms, which tend to be renewed multiple times. An emerging practice is a movement toward longer-term but still high-cost installment products. The very structure of car-title loans leads to problems for consumers, including excessive repayment fees and repossessions.	
	In 2015, high-cost car-title loans continued to trap borrowers in a long-term debt trap. However, no state authorized car-title loans, and the CFPB made steps to more closely regulate these loans. States were also active in trying to add consumer protections.	
	21 States allow car title lending	9 loans Average month-long loans per year
		\$4.3 billion Fees paid annually
<ul style="list-style-type: none"> • <i>Lenders should make loans only after determining that the borrower is able to repay the loan while meeting other expenses without re-borrowing.</i> • <i>Loans should not create a long term cycle of debt.</i> • <i>Annual Percentage Rates (APR) should not exceed 36%.</i> • <i>Loans should be successfully repaid as the loans are originally structured, without high levels of eventual defaults, rollovers or refinancings.</i> • <i>In the event of a default, borrowers must be provided important consumer protections, including notice prior to repossession or sale, a right to redeem the vehicle, and a ban on deficiency.</i> 		
DOD expands Military Lending Act	GAIN Increases protections	The Department of Defense expanded the Military Lending Act rules to cover all payday loans, vehicle title loans, refund anticipation loans, deposit advance loans, installment loans, and credit cards extended to service members. These products will now be subject to the current 36% interest rate cap service members and their families receive under MLA. Additionally, the expansion expands the rules coverage to include car title loans longer than 180 days.
CFPB takes action against title lender	GAIN Restricts bad practices	The CFPB brought enforcement action against Westlake Services and Wilshire Community Credit for failing to disclose the APR on auto title loans as required by law. In advertising and through representatives the company emphasized the monthly interest rate and failed to disclose the full APR.
MI and OR take action against illegal car title lender	GAIN Restricts bad practices	Attorney Generals in Michigan and Oregon took action against Liquidation LLC for operating an illegal car title scam and making illegal loans to state residents. The suits demand that the company stop collection activities on illegal title loans they provided to Michigan and Oregon consumers.
FTC takes action against two car title lenders	GAIN Restricts bad practices	The FTC took action against two car title lenders, First American Title Lending and Finance Select, for deceptive advertising of their car title loans. The companies were charged for falsely advertising zero percent interest rates for a 30-day car title loan without disclosing important loan conditions and fee information.
CFPB extends supervision	HELPS Increases oversight	The CFPB announced intentions to define "larger participants" consumer installment and car title lenders which will be subject to CFPB supervision.

Consumer Installment Lending	<p>Consumer finance installment loans (offered by companies such as Springleaf, OneMain, World Acceptance, and others) are typically \$1,000-\$3,000 loans repayable over longer terms. Depending on state law, these loans can carry very high costs and triple-digit-APRs, along with additional fees for useless add-on products. Like payday and car-title lenders, consumer finance lenders depend on high volumes of repeat refinancings. Some lenders target businesses as well as individual consumers.</p> <p>In 2015, some state and federal agencies began to more closely monitor and investigate consumer installment lending practices. State bills, which would have increased costs for borrowers, were defeated.</p>	
	75%	Highest possible cost
	of loans are the result of refinancings from existing customers	Companies typically charge the maximum allowed by law
<ul style="list-style-type: none"> • <i>Lenders should make loans only after determining that the borrower is able to repay the loan while meeting other expenses without re-borrowing.</i> • <i>Loans should not create a long-term cycle of debt.</i> • <i>Annual Percentage Rates (APR) should not exceed 36%.</i> • <i>Loans should be successfully repaid as the loans are originally structured, without high levels of eventual defaults, rollovers or refinancings.</i> • <i>The costs of all financed costs (including credit insurance) should be disclosed and included when calculating APR.</i> 		
DOD expands Military Lending Act	GAIN Increases protections	The Department of Defense expanded the Military Lending Act rules to cover all payday loans, vehicle title loans, refund anticipation loans, deposit advance loans, installment loans, and credit cards extended to service members. These products will now be subject to the current 36% interest rate cap service members and their families receive under MLA. The rules also require that the cost of ancillary products be under the rate cap. Additionally, the expansion closes a loophole that allowed predatory lenders to continue targeting servicemembers by offering loans that were above \$2,000 or had a duration of more than 91 days.
CFPB takes action against Springstone Financial	GAIN Restricts bad practices	The CFPB has ordered Springstone Financial, LLC to provide \$700,000 in relief to victims of deceptive credit enrollment tactics. Many consumers who signed up for Springstone’s deferred-interest loan product at dental offices to pay for dental work were led to believe that the product was interest free. In fact, interest accrued from the date of the consumer’s purchase and was charged if the balance was not paid in full before the promotional period ended. Approximately 3,200 consumers who signed up for the product ultimately were charged and paid deferred interest.
CFPB takes action against PayPal	GAIN Restricts bad practices	The CFPB filed a complaint and proposed consent order in federal court against PayPal, Inc. for illegally signing up consumers for its online credit product, PayPal Credit, deceptively advertised promotional benefits that it failed to honor and then mishandling billing disputes. Under the proposed order PayPal would pay \$15 million in consumer redress and a \$10 million penalty, and it would be required to improve its disclosures and procedures.
CFPB takes action against military allotment processor	GAIN Restricts bad practices	The CFPB took action against Fort Knox National Company and its subsidiary, Military Assistance Company for charging service members millions of dollars in hidden fees. The company will pay \$3.1 M to harmed service members for not clearly disclosing fees and failing to notify service members for fees charged through military allotment processing.

CFPB extends supervision	HELPS Increases oversight	The CFPB announced intentions to define "larger participants" consumer installment and car title lenders which will be subject to CFPB supervision.
Treasury requests information from public	HELPS Increases oversight	The U.S. Department of Treasury began collecting information from the public about marketplace lenders. The Department is seeking to collect complaints and consumer experience information concerning both consumer installment loans and small business loans.
CA examines marketplace lending practices	HELPS Increases oversight	The California Department of Business Oversight has launched an inquiry into the marketplace lending industry. The inquiry is directed not only to consumer and small business lenders, but also to merchant cash advance providers. It is seeking "to assess the effectiveness and proper scope of licensing and regulatory structure" as it relates to marketplace lenders.
CO vetoes bill to increased costs	HOLD Prevents bad practices	Colorado's governor vetoed a bill that would have increased the cost of consumer installment lending in the state. CRL estimated that this veto saves Coloradans \$25 million in interest charges.
FL and KS defeat bills to increase costs	HOLD Prevents bad practices	Two consumer installment loan bills were defeated in Kansas and Florida. The bills would have allowed lenders to finance ancillary products with triple digit interest rate loans.
U.S. DOJ and Six Attorney Generals settle with Springleaf	HOLD Restructures Operations	The Department of Justice required Springleaf to divest 127 branches in 11 states in order for it to proceed with its proposed \$4.25 billion acquisition of OneMain Financial Holdings, LLC (OneMain) from Citigroup.

Mortgages	The reckless lending of the subprime era caused a wave of foreclosures that the nation is finally beginning to recover from. The consumer protections put in place in Dodd-Frank have made today's mortgages much safer for lenders and borrowers. However, a significant contraction in the credit box means many borrowers who could be successful homeowners are unable to qualify for a safe mortgage today.	
	In 2015, state and federal regulators continued to finalize actions and settlements stemming from the bad practices of the subprime era. Lenders have done little to open up access to credit, though lower down-payment products introduced by Fannie and Freddie are positive steps.	
	5.2 million Loans are estimated to be missing as a result of the tight credit box from 2009 to 2014	2.6%, 5.0% Of conventional home purchase loans were made to Black and Hispanic borrowers respectively.
<ul style="list-style-type: none"> • <i>Lenders should make loans only after determining that the borrower is able to repay the loan.</i> • <i>Borrowers should not have to pay unreasonable points and fees.</i> • <i>All creditworthy borrowers should have access to responsible mortgages.</i> • <i>Servicers should make reasonable attempts to work with borrowers to offer and clearly process loan modifications and other alternatives to foreclosure.</i> 		
FHFA releases affordable goals	GAIN Fosters good practices	The Federal Housing Finance Administration (FHFA) released new affordable housing goals for GSEs Fannie Mae and Freddie Mac. The goals are meant to ensure that people in lower-wealth communities have access to homeownership and affordable rental housing. The goals hold the GSEs accountable, but consumer advocates argued that it could have been more aggressive. The conservative nature of both the calculated goal and mechanism that was adopted for enforcement missed an opportunity to more broadly open up access to mortgage credit for creditworthy borrowers.
Fannie and Freddie release low downpayment products	GAIN Fosters good practices	Fannie Mae and Freddie Mac each released products designed to increase responsible lending. The Home Ready (Fannie) and Home Possible (Freddie) products require only 3% down and include provisions for housing counseling.
FHA reduces premiums	GAIN Reduces costs	The Federal Housing Administration (FHA) announced a reduction in the premium it charges borrowers for insuring mortgages. FHA loans are particularly important for borrowers of color and low wealth borrowers and a reduction in the insurance premium makes these loans more affordable.
CFPB takes action against Wells Fargo and JPMorgan Chase for illegal kickbacks	GAIN Fosters good practices	The CFPB and the Maryland Attorney General took action against Wells Fargo and JPMorgan Chase for an illegal marketing-services-kickback scheme they participated in with Genuine Title, a now-defunct title company. The Bureau and Maryland also took action against former Wells Fargo employee Todd Cohen and his wife, Elaine Oliphant Cohen, for their involvement. Genuine Title gave the banks' loan officers cash, marketing materials, and consumer information in exchange for business referrals. The suit would require \$24 million in civil penalties from Wells Fargo, \$600,000 in civil penalties from JPMorgan Chase, and \$11.1 million in redress to consumers whose loans were involved in this scheme. Cohen and Oliphant Cohen also will pay a \$30,000 penalty.

CFPB and DOJ order Hudson City Savings pay \$27 million for redlining	GAIN Restricts bad practices	The CFPB and the DOJ announced a joint action against Hudson City Savings Bank for discriminatory redlining practices that denied residents in majority-Black-and-Hispanic neighborhoods fair access to mortgage loans. Hudson City was ordered to pay \$25 million in direct loan subsidies to qualified borrowers in the affected communities, \$2.25 million in community programs and outreach, and a \$5.5 million penalty. This represents the largest redlining settlement in history to provide such direct subsidies.
PHH fined \$109 M for RESPA violations	GAIN Penalizes bad practices	The CFPB fined PHH mortgage \$109 million for illegally accepting mortgage insurance payments in violation of RESPA. The lender illegally referred borrowers to mortgage insurers in exchange for kickbacks.
CFPB and State of Maryland take action against "Pay-To-Play" kickback scheme	GAIN Penalizes bad practices	The CFPB and the Maryland Attorney General took action against Genuine Title, LLC; Jay Zukerberg; Brandon Glickstein; Gary Klopp; Adam Mandelberg; William Peterson; Angela Pobletts; and a number of limited-liability companies for trading cash and marketing services in exchange for mortgage referrals. If entered by the court, five of the six individual defendants would be banned from the mortgage industry and required to pay a total of \$662,500 in redress and penalties.
CFPB takes action against NewDay Financial	GAIN Penalizes bad practices	The CFPB took action against NewDay Financial, LLC for deceptive mortgage advertising and kickbacks. NewDay deceived consumers about a veterans' organization's endorsement of NewDay products and participated in a scheme to pay kickbacks for customer referrals. NewDay will pay a \$2 million civil money penalty for its actions.
CFPB takes action against companies misrepresenting US government	GAIN Penalizes bad practices	The CFPB took action against three mortgage companies for misleading consumers with advertisements implying U.S. government approval of their products. The CFPB is suing reverse mortgage lender All Financial Services, seeking to halt its illegal activities. The CFPB is also ordering Flagship Financial Group and American Preferred Lending to end their false advertising. The CFPB is seeking a civil fine and a permanent injunction to prevent future violations.
CFPB fines lender for deceptive ads	GAIN Penalizes bad practices	The CFPB settled with RMK Financial Corporation, forcing them to pay \$250,000 for deceptive advertising tactics used to sell mortgage products. The practices violated the Truth in Lending Act, the Mortgage Acts and Practices Advertising Rule, and other federal consumer laws.
CFPB and DOJ take action against Provident Funding Associates	GAIN Penalizes bad practices	The CFPB and the Department of Justice (DOJ) filed a joint complaint against Provident Funding Associates for charging higher broker fees on mortgage loans to African-American and Hispanic borrowers. The order would require Provident to pay \$9 million in damages to harmed African-American and Hispanic borrowers.
CFPB takes action against Residential Credit Solutions for servicing	GAIN Penalizes bad practices	The CFPB took action against Residential Credit Solutions, Inc. for blocking consumers' attempts to save their homes from foreclosure, failing to honor modifications for loans transferred from other servicers, treating consumers as if they were in default when they weren't, sending consumers escrow statements falsely claiming they were due a refund, and forcing consumers to waive their rights in order to get a repayment plan. Residential Credit Solutions agreed to pay \$1.5 million in restitution to victims and a \$100,000 civil money penalty for its illegal actions.

CFPB and FL AG obtain \$27.7 Million judgment against foreclosure relief scam companies	GAIN Penalizes bad practices	The CFPB and the State of Florida were granted a final judgment against the Hoffman Law Group and corporate affiliates accused of using deceptive marketing practices and scamming distressed homeowners into paying illegal advance fees. The court found the corporate defendants liable for \$11,730,579 – the full amount of illegal fees paid by consumers – and ordered them to pay a \$10 million civil penalty, in addition to penalties to the State of Florida.
CFPB and the FTC take action against Green Tree Servicing	GAIN Penalizes bad practices	The CFPB and the FTC took action against Green Tree Servicing, LLC, for failing to honor modifications for loans transferred from other servicers, demanding payments before providing loss mitigation options, delaying decisions on short sales, and harassing and threatening overdue borrowers. Green Tree agreed to pay \$48 million in restitution to victims, and a \$15 million civil money penalty for its illegal actions.
DOJ settles with Sage Bank	GAIN Penalizes bad practices	The DOJ settled with Sage Bank over allegations it discriminating if offering and pricing mortgages. The bank allowed loan officers discretion in pricing mortgages and the bank was found to have a pattern of borrowers of color paying higher prices regardless of their creditworthiness. The bank will pay a \$1.175 million settlement.
CFPB takes action against Nationwide Biweekly	GAIN Penalizes bad practices	The CFPB brought suit against Nationwide Biweekly Administration, Inc., Loan Payment Administration LLC, and the companies' owner, Daniel Lipsky, for misrepresenting the interest savings consumers will achieve through a biweekly mortgage payment program and misleading consumers about the cost of the program. The CFPB is seeking compensation for harmed consumers, a civil penalty, and an injunction against the companies and their owner.
CFPB takes action against Guarantee Mortgage	GAIN Penalizes bad practices	The CFPB ordered a California mortgage bank, Guarantee Mortgage Corporation, to pay a civil penalty of \$228,000 for paying its branch managers based, in part, on the interest rates of the loans they closed.
CFPB takes action against lenders for deceptive ads	GAIN Penalizes bad practices	The CFPB took action against Paymap Inc. and LoanCare, LLC for deceiving consumers with advertisements for a mortgage payment program that promised tens of thousands of dollars in interest savings from more frequent mortgage payments. Under the order, Paymap will return \$33.4 million in fees to consumers and pay a \$5 million civil penalty to the CFPB, and LoanCare will pay a \$100,000 civil penalty.
FTC orders refunds in mortgage relief scam	GAIN Penalizes bad practices	The FTC won a court action against Jackson, Crowder & Associates and Crowder Law Group, alleging that the defendants falsely promised to modify consumers' mortgages and substantially reduce their monthly payments, exaggerated the role an attorney would play, and pretended to be affiliated with a government agency. Consumers will receive more than \$467,000.
CFPB orders RPM Mortgage to pay \$19 million for steering	GAIN Penalizes bad practices	The CFPB filed a complaint against RPM Mortgage and its CEO, Erwin Robert Hirt, for illicitly proving bonuses and higher commissions to loan originators who steered consumers into costlier mortgages. RPM would pay \$18 million to alleviate affected consumers and a \$1 million civil penalty.
CFPB advisory warns consumers about reverse mortgage ads	HELPS Highlights bad practices	The CFPB released results of a focus group study on reverse mortgage advertisements that found many participants were left with misimpressions about the product. The CFPB also issued an advisory that warns consumers that many reverse mortgage ads do not tell the full story.

CFPB finalizes minor changes to "Know Before You Owe" rules	HELPS Supports good practices	The CFPB finalized two minor modifications to the "Know Before You Owe" mortgage disclosure rules. Under the rule, creditors are required to provide a revised Loan Estimate within three business days after a consumer locks in a floating interest rate and include language informing consumers that they may receive a revised Loan Estimate for a construction loan that is expected to take more than 60 days to settle.
CFPB bulletin offers guidance on Marketing Service Agreements	HELPS Highlights good practices	The CFPB released a bulletin that highlights the risks of agreements that violate the federal prohibition on mortgage kickbacks. The bulletin also provides an overview of the federal prohibition, and describes examples from the Bureau's enforcement experience as well as risks faced by lenders entering into marketing service agreements.
CFPB releases new tools for "Know Before You Owe" initiative	HELPS Supports good practices	The CFPB released new online tools as part of its Know Before You Owe initiative that provides an interactive, step-by-step overview of the mortgage process, help homebuyers decide how much they can afford to spend, and help consumers explore and use the new Know Before You Owe mortgage forms.
CFPB makes changes to QM for small lenders	HELPS Supports good practices	The CFPB made changes to its Qualified Mortgage (QM) rule which raise the number of loans a small creditor can re-sell and expand the number of banks that can qualify as a "rural bank," in response to feedback from lenders. These rules make it easier for community lenders to make certain loans while still protecting borrowers.
CFPB finalizes new HMDA rules	HELPS Increases oversight	The CFPB finalized changes to the Home Mortgage Disclosure Act (HMDA) which will expand the data collected about mortgages. The HMDA data makes public information about nearly all mortgages made in the US. The new data will add information about borrowers and the loans they received.
FHA conducts certification review	HOLD Prevents good practices	The Federal Housing Administration (FHA) announced new rules governing how loans can be certified for federal insurance. These changes fail to provide enough protection against dangerous loans and at the same time do not do enough to encourage access to good credit.
Congress expands QM exemption	LOSS Reduces consumer protections	As an ammendment to the year-end Transportation bill, Congress expanded the defintion of rural lenders used to determine if a balloon payment loan can be considered a qualified mortgage (QM). Prior to this ammendment, only lenders that made loans predominantly in rural areas were granted an exemption to the QM restriction on balloon payment loans. The bill removed the word "predominantly" opening up this exemption to more lenders. The CFPB will be releasing a new rule that will define exactly how this change will be operationalized.

Student Lending	<p>Student debt has skyrocketed in recent years, fueled by rising tuition rates and tight state budgets. Private student loans can be particularly dangerous for borrowers, as they don't have the same protections and repayment options as federal loans do. In addition, some for-profit colleges encourage borrowing yet provide questionable education and economic value for students.</p>	
	<p>In 2015, the federal government acted in several important ways on this issue, including by finalizing the "cash management" rule, finalizing several enforcement actions, and highlighting key abuses related to student loans in reports. Federal regulators continued to focus on for-profit colleges for their deceptive practices.</p>	
	<p>Over \$1 trillion in student loans outstanding</p>	<p>\$30,000 In debt for the average student loan borrower after graduation</p>
<ul style="list-style-type: none"> • <i>Student loans should be used to finance a quality education.</i> • <i>Student loans should be affordable.</i> • <i>Struggling borrowers should have access to flexible repayment options.</i> • <i>Students attending colleges, particularly for-profit schools, should not be saddled with unmanageable student loan debt.</i> • <i>Student loans should be dischargeable in bankruptcy.</i> • <i>Private student loans should be dischargeable in the event of death or disability of the student.</i> 		
DOE issues Cash Management rule	GAIN Restricts bad practices	The Department of Education announced it would issue a rule to put in place stronger protections for student accounts. The Cash Management rule would regulate the way colleges can enter into marketing agreements with banks and prepaid card issuers who wish to access their student populations. It would ban overdraft and point-of-sale fees on some accounts, and require that all accounts be in the "best interests" of students.
DOE finalizes gainful employment regulations	GAIN Restricts bad practices	The U.S. Department of Education Gainful Employment Regulations were put into effect and, later, upheld. The law and regulations require most programs, including for-profit programs to prepare students for "gainful employment in a recognized occupation." The regulations support accountability and help the public distinguish programs that provide affordable training that leads to well-paying jobs from programs that leave students with poor earnings prospects and high amounts of debt by requiring institutions to provide key information on program costs, whether students graduate, how much they earn, and how much debt they may accumulate.
DOE revises pay as you earn repayment plans	GAIN Fosters good practices	The U.S. Department of Education revised and expanded its repayment plan for Federal student loan borrowers (REPAYE). The plan allows borrowers to cap loan payments at no more than 10% of income. The revised plan expands this program by allowing borrowers to be eligible for the option regardless of when their federal loan was originated.
CFPB wins default judgment against Corinthian Colleges for engaging in a predatory lending scheme	GAIN Provides relief for borrowers	A federal court entered a final judgment against Corinthian Colleges, Inc., for engaging in deceptive lending practices and illegal debt collection practices. Corinthian lured students into taking out private loans to cover the costs of tuition by advertising bogus job prospects and career services. The court found that Corinthian was liable for \$530 million and prohibited the company from engaging in future misconduct, though the company had already gone into bankruptcy at the time of the ruling. This comes on the heels of CFPB and the DOE's announcement of \$480 million in forgiveness for borrowers who took out Corinthian College's high-cost private student loans. ECMC Group, the new owner of a number of Corinthian schools, will not operate a private student loan program for seven years and agreed to a series of new consumer protections.

DOJ settles with EDMC	GAIN Restricts bad practices	DOJ reached two settlements with Education Management Corp. (EDMC), the second-largest for-profit education company in the country. One settlement, for \$95.5 million, resolved allegations that EDMC violated federal and state False Claims Act (FCA) provisions by falsely certifying that it was in compliance with Title IV of the Higher Education Act (HEA) and parallel state statutes. In a second settlement EDMC agreed to forgive more than \$103 million in loans it made directly. The company also agreed to a detailed set of reforms to its recruitment practices. Though important, these settlements could have gone much farther to punish and prohibit the company from engaging in illegal practices.
CT passes Student Loan Bill of Rights	GAIN Increases oversight	The Student Loan Bill establishes student loan education courses at higher education institutions. The Department of Banking will be required to designate an ombudsman to oversee the implementation of the courses and further provide timely assistance to students.
SEC charges ITT executives in loan guarantee program	GAIN Restricts bad practices	The SEC brought fraud charges against ITT executives for the way the company managed two student loan programs (PEAKS and CUSO). The SEC alleges that the company broke various laws in its efforts to conceal losses and mask the liability that high defaults on these loans posed to the company.
CFPB orders Discover Bank to pay \$18.5 million for illegal Student Loan Servicing Practices	GAIN Restricts bad practices	The CFPB took action against Discover Bank and its affiliates for overstating amounts due on billing statements and denying consumers information they needed to obtain federal income tax benefits. The company also engaged in illegal debt collection tactics, including calling consumers early in the morning and late at night. The CFPB's order requires Discover to refund \$16 million to consumers, pay a \$2.5 million penalty, and improve its billing, student loan interest reporting, and collection practices.
DOE ends contracts with several private collection agencies	GAIN Restricts bad practices	The U.S. Department of Education will wind down contracts with five private collection agencies that were providing inaccurate information to borrowers. The five companies are: Coast Professional, Enterprise Recovery Systems, National Recoveries, Pioneer Credit Recovery, and West Asset Management.
DOD bars University of Phoenix	GAIN Restricts bad practices	The U.S. Department of Defense placed the University of Phoenix system on probation, barring the for-profit school from recruiting on military bases and preventing troops from using federal money for classes.
CFPB takes action against nationwide student financial aid scam	GAIN Restricts bad practices	The CFPB took action against Student Financial Resource Center, College Financial Advisory and the individuals who owned and operated the scheme for illegally charging millions of dollars in fees for sham financial services.
FTC settles with Ashworth College	GAIN Restricts bad practices	The Federal Trade Commission settled with for-profit trade school Ashworth College. The federal agency charged the Georgia-based online college with misrepresenting their programs, leaving students with educations that could not lead to proper credentials or careers. The settlement prohibits Ashworth College from making further misrepresentations and required them to pay \$11 million in penalties, which was ultimately suspended based on the institution's inability to pay.

CFPB takes action against Student Financial Aid Services, Inc. for illegal recurring billing scheme	GAIN Restricts bad practices	The CFPB filed a complaint and proposed consent order in federal court against Student Financial Aid Services, Inc. for illegal sales and billing practices. The company, which until recently operated FAFSA.com, lured in consumers with misleading information about the total cost of its subscription financial services and hit them with undisclosed and unauthorized automatic recurring charges. Under the proposed order, the company would halt illegal practices and pay \$5.2 million.
Regulators release guidance on private student loans with graduated repayment terms	HELPS Highlights bad practices	Federal regulators delivered guidance for financial institutions that lend private student loans on graduated repayment terms at origination. The regulators clarified that lenders can provide lower initial monthly payments that gradually increase as recent college graduates transition into the labor market.
CFPB bulletin highlights servicing failures	HELPS Highlights bad practices	The CFPB released a report outlining widespread servicing failures reported by both federal and private student loan borrowers. The report indicates that the agency is exploring regulating these practices by servicers.
CFPB report finds that co-signer loan borrowers are rejected from loan release	HELPS Highlights bad practices	The CFPB Student Loan Ombudsman released a report finding that 90 percent of consumers are being rejected for co-signer release on their private student loans, based on its review of industry practices.
DOE releases report on student borrowing	HELPS Supports good practices	The U.S. Department of Education released a new report outlining a series of statutory, regulatory, and administrative recommendations to safeguard student borrowers. The report, developed in consultation with the Department of the Treasury (Treasury) and the Consumer Financial Protection Bureau (CFPB), builds on years of work by the Administration to help Americans manage their student loan debt and protect the most vulnerable borrowers.
DOE appoints Special Master to inform debt relief process	HELPS Increases oversight	The U.S. Department of Education Appointed a Special Master that will advise on borrower defense issues and creating a debt relief process that is efficient, transparent, and fair for students and taxpayers.
CFPB warns colleges about secret campus credit card contracts	HELPS Highlights bad practices	The CFPB sent warning letters to 17 colleges directing them to improve disclosure of school-sponsored credit card agreements. A Bureau investigation found that these schools failed to make marketing agreements available to the public, as required by law.
CA AG releases debt relief interactive tool for Corinthian Colleges students	HELPS Increases oversight	The California Attorney General released an enhanced interactive tool to help former Corinthian Colleges, Inc. students learn about new expanded loan relief options granted to students by the U.S. Department of Education. An estimated 40,000 students are eligible for a streamlined process for loan forgiveness as a result of the charges the Department of Education brought against the company earlier in the year.
CFPB launches servicing inquiry	HELPS Increases oversight	The CFPB asked student loan servicers for more information about the payment options they offer borrowers. The inquiry asks "what loan modification options lenders and servicers provide, how customers can learn about their repayment options, and how borrowers can get approved."
DOE, Treasury and CFPB issue joint statement on servicing principles	HELPS Increases oversight	The Departments of Education and Treasury and the CFPB announced a Joint Statement of Principles on student loan servicing. The guidelines aim to improve student loan servicing practices, promote borrower success, and prevent default.

DOE rules on bankruptcy	HARMS Furthers harmful practices	The U.S. Department of Education released rules directing servicers on how to handle student hardship cases. The rules continue to put the onus on the student to prove a high standard of undue hardship in order to discharge student debt in bankruptcy.
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Auto Lending	<p>A car is one of the largest purchases American consumers make. The lack of transparency and regulation in auto finance has allowed different predatory practices to thrive throughout the years, creating unnecessarily expensive and unsustainable loans for consumers. Particularly harmful practices include auto dealers marking up the interest rate for compensation; coercing consumers who left the lot with what they thought was a final deal to sign second, more expensive financing contracts because the dealer was unsatisfied with the first; and aggressively selling add-on products such as extended warranties and other insurance products, which can have price markups of well over 100% and be riddled with exclusions and deductibles. Although all car buyers are affected, discriminatory practices result in a disproportionate impact on consumers of color.</p> <p>Important auto lending developments continued in 2015. The CFPB has continued to enforce anti-discrimination laws in auto lending related to dealer interest rate markup. The CFPB entered into settlement agreements, restricting the practice of dealer mark-up. One lender, BB&T Bank, announced that they would also stop allowing dealers to mark up their loans and also will pay dealers a fee based on a percentage of the amount financed. The CFPB has encountered resistance from Congress for its law enforcement activities, and the CFPB and allies have continued to defend the CFPB's actions and methods. CFPB enforcement actions related to discrimination have resulted in more than \$150 million in restitution and fines thus far.</p>	
	<p>\$150 million CFPB enforcement actions have resulted in more than \$150 million in restitution and fines</p>	<p>\$1 trillion Outstanding auto loans total more than \$1 trillion</p>
<ul style="list-style-type: none"> • <i>Prices of all financed costs (car, any add-on products, and interest rates including mark-up) should be clearly presented to borrowers.</i> • <i>The loan used to finance an auto purchase should be final before the consumer takes possession of the vehicle.</i> • <i>Dealers should not be allowed to mark up the rates on loans for reasons unrelated to credit worthiness.</i> 		
CFPB and DOJ reach resolution with Fifth Third	GAIN Restricts bad practices	The CFPB and DOJ settled an action with Fifth Third for charging higher interest rates to African American, Hispanic, and Asian and Pacific Islander borrowers compared to White borrowers, without acknowledgement of their credit worthiness. As a result, Fifth Third will modify its pricing and compensation system to significantly decrease dealer discretion and minimize any risks of discrimination based on race. Fifth Third agreed to pay \$18 million in restitution.
CFPB and DOJ reach resolution with Honda	GAIN Restricts bad practices	The CFPB and DOJ resolved an action with American Honda Finance Corporation that will put new measures in place to address discretionary auto loan pricing and compensation practices that resulted in thousands of African-American, Hispanic, and Asian and Pacific Islander borrowers paying higher interest rates than white borrowers for their auto loans, without regard to their creditworthiness. As part of the order, Honda will change its pricing and compensation system to substantially reduce dealer discretion and minimize the risks of discrimination, and will pay \$24 million in restitution to affected borrowers. The CEO of AutoNation endorsed the Honda settlement with the CFPB, saying "I think this is a very enlightened solution," Jackson told Automotive News. "This is a win-win-win."
BB&T launches flat rate	GAIN Improves practices	BB&T announced in June 2015 that it would start paying dealer a flat percentage of the amount financed and not allow markup.
Mass AG fines Santander	GAIN Restricts bad practices	Massachusetts AG required Santander to return \$5 million to consumers in the state who were charged over the state interest rate cap of 21%. Some of the lenders auto loans exceeded this cap when the cost of add-on gap insurance was included in the loan cost.

CFPB ordered CarHop to pay \$6.4 million penalty	GAIN Restricts bad practices	The CFPB action against CarHop, one of the country’s biggest “buy-here, pay-here” auto dealers, and its affiliated financing company, Universal Acceptance Corporation, for providing damaging, inaccurate consumer information to credit reporting companies.
FTC continues to enforce Section Five of the FTC Act	GAIN Restricts bad practices	The FTC continues to enforce Section Five of the FTC Act to combat deceptive auto dealer advertisting. Several consent orders were entered into with TT of Longwood, Matt Blatt Inc., Glassboro Imports, LLC, and TXTV Limited Partnership (Trophy Nissan). The consent orders were for deceptive advertising practices that misrepresented the cost of purchasing, financing and leasing a vehicle. The companies will pay judgment orders and compensation to victims.
CFPB expands oversight nonbank auto finance companies	HELPS Increases oversight	The CFPB published a new rule that will allow the agency to supervise larger nonbank auto finance companies for the first time. Under the rule, the Bureau estimates that it will have authority to supervise about 34 of the largest nonbank auto finance companies and their affiliated companies that engage in auto financing. These companies together originate around 90 percent of nonbank auto loans and leases, and in 2013 provided financing to approximately 6.8 million consumers. The final rule also defines additional automobile leasing activities for coverage by certain consumer protections of the Dodd-Frank Act.
U.S. House of Representatives passes H.R., 1737	HARMS Allows bad practices	The House passed a bill (H.R. 1737) that forces CFPB to rescind their 2013 guidance on auto lending and discrimination and require the CFPB to provide notice and take public comment on any guidance related to auto finance only. Although the Senate did not take up the bill and it did not become law, the vote highlights the strong political opposition to the CFPB work on this issue.

Credit Reporting	Credit bureaus collect and analyze consumer financial transactions and produce credit reports and scores. Sometimes the reports contain errors that can be hard for consumers to resolve. Furthermore, it can be difficult for consumers to get access to their score without paying a fee. Credit reports and scores are increasingly important and can affect not only the availability and price of credit but also insurance, rental, and employment opportunities.	
	In 2015, credit reporters continued to struggle to provide completely accurate data, protect consumer data, and quickly resolve errors. More companies began offering and using non-traditional scores and metrics based on alternative or big data. A number of states restricted the use of credit information as a factor in employment and hiring decisions.	
	20% of consumers had a verified error on their credit report	7 years Amount of time most negative information stays on a credit report
<ul style="list-style-type: none"> • Consumers should have free access to their credit information (reports and scores) used by most lenders. • Credit reporting agencies should have procedures to ensure that errors on credit reports are extremely rare. • Errors on credit reports should be corrected by the credit reporting agency and/or creditor in a timely manner following a meaningful investigation of disputes • Credit scores should not be for employment purposes or to set insurance rates. 		
States restrict use of credit data by employers	GAIN Restricts bad practices	New Mexico and Georgia passed laws that limit the use of credit information by employers. The GA bill requires companies to notify a consumer when a report is furnished for employment purposes. The NM bill prohibits the use of credit information as a basis for refusing to recruit or interview the prospective employee, with some exceptions.
State AGs settle with bureaus	GAIN Improves practices	Starting with a New York settlement, 32 states settled with the nation's three largest credit bureaus which addresses some of the most egregious problems in the credit reporting system. The companies agreed to improve credit report accuracy; increase the fairness and efficacy of the procedures for resolving consumer disputes of credit report errors; and protect consumers from unfair harm to their credit histories due to medical debt. The company also agreed to pay \$6 million to the states for consumer education and other costs.
CFPB fines Medical debt collector	GAIN Restricts bad practices	The CFPB fined medical debt collector Syndicated Office Systems \$5.4 million for its handling of consumer credit information. The company mishandled disputes and failed to provide consumers with their full set of rights in the debt collection process.
FTC fines Sprint	GAIN Restricts bad practices	Mobile service provider Sprint will pay \$2.95 million in civil penalties to settle Federal Trade Commission charges that the company failed to give proper notice to consumers who were placed in a program for customers with lower credit scores and charged an extra monthly fee.
OCC fines Santander	GAIN Restricts bad practices	The OCC assessed a \$6 million civil penalty against Santander Bank for charging consumers for financial services they were not receiving.
CFPB fines Clarity	GAIN Restricts bad practices	The CFPB fined Clarity, an subprime credit reporting company, \$8 million. The company mishandled consumer information and failed to investigate consumer disputes. The company must halt the illegal practices and improve the way it addresses disputes brought by consumers.

CFPB report highlights Credit Invisibles	HELPS Highlights bad practices	The CFPB released a report which estimated that 26 million consumers were unscored by the credit reporting bureaus. Lower income and minority consumers were found to be less likely to have a credit score.
State consumer bills fail	HARMS Allows bad practices	Connecticut, Maine, New Hampshire, and New Mexico failed to pass bills that would have prohibited employers from obtaining information regarding the creditworthiness, credit standing, credit capacity, debts or check-writing experience of a prospective employee as part of the hiring process or decision.
Experian data breach exposes sensitive data	LOSS Harms consumers	A data breach at the credit bureau Experian resulted in the personal data of more than 15 million T-Mobile customers being stolen. The AG in CT issued an investigation of the breach.

Deposit Accounts and Overdraft Practices	<p>Consumers rely on deposit accounts to be a safe place to keep their money. High, tricky fees erode that confidence. In particular, overdraft practices have transitioned from an occasional courtesy to a practice designed to extract fees from consumers.</p> <p>In 2015, abuses continued in this area, although both regulatory and private action acknowledged the harm caused by overdraft fees. Regulators took steps to better protect student accounts from overdraft fees, and the public/private “Bank On” effort to bank underserved communities included no overdraft fees as one of its formal new standards. The Consumer Financial Protection Bureau also continued to scrutinize overdraft programs and consider a rulemaking to address them.</p>		
	\$15.9 billion in overdraft and insufficient funds fees annually	\$225 Average fees paid by accountholders with at least one overdraft	3/4 of the nation’s largest banks charge overdraft fees on debit card purchases

- *Banks should not manipulate the processing order of transactions to maximize fees.*
- *Banks should not charge overdraft fees on debit card purchases and ATM withdrawals.*
- *Banks should not charge customers more than six overdraft fees in a single year.*
- *Regulators should collect and make data on overdraft fees widely available.*
- *All deposit account fees should be transparent, reasonable, and fair. Pricing structures should facilitate comparison and not rely on back-end fees.*
- *Customers should have effective means to resolve account disputes.*
- *Banks should prevent and reverse unauthorized payments.*
- *Customers should be able to easily close an account and transfer necessary charges without encountering fees.*
- *Consumers with blemished credit histories should have access to safe bank accounts*

DOE prohibits overdraft/NSF fees on certain student checking accounts	GAIN Restricts bad practices	The Department of Education prohibited overdraft and NSF fees on students’ checking accounts where the financial institution offering the account partners with an entity that handles the school’s financial aid disbursement process.
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New “Bank On” standards provide for no overdraft fees	GAIN Fosters good practices	CE announced new standards that include no overdraft or not-sufficient fund (NSF) fees for banks participating in pvt/public partnership "Bank On" initiatives to each underserved communities.
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FTC issues final rules on remotely created checks	GAIN Restricts bad practices	The FTC finalized a rule that prohibits telemarketers from collecting payments from consumers using remotely created checks, prepaid reload packs, or cash-to-cash money transfers. The rule is aimed at stopping scams and also impacts payday loans, debt settlement services and others.
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Banks limit use of ChexSystems	GAIN Fosters good practices	Under pressure from the New York Attorney General, Capital One, Citibank and Santander have agreed to limit their use of information in the ChexSystem database. The banks agreed to use this data only for fraud detection and not to deny consumers access to checking or savings accounts.
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CFPB fines Regions Bank for unlawful overdraft practices	GAIN Restricts bad practices	The CFPB fined Region’s bank \$7.5 million for unlawful overdraft practices. The bank charged overdraft fees triggered by debit card transactions to customers who had not opted-in for this overdraft coverage. It also charged overdraft and non-sufficient fund (NSF) fees to borrowers who used its deposit advance payday loan product, despite representing that it would not. The bank also is forced to refund the fees to consumers, totaling at least \$49 million.
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FDIC announces settlement with Bancorp	GAIN Restricts bad practices	The Federal Deposit Insurance Corporation (FDIC) announced a settlement with The Bancorp Bank, Wilmington, Del., for failing to provide promised protections to consumers in the resolution of account errors, failing to provide promised benefits for a debit card rewards program that the bank offered with a third-party services provider, and charging deceptive debit decline fees on a general purpose reloadable prepaid card. As part of the settlement, the bank will pay a civil money penalty of \$3 million and an estimated \$1.3 million in restitution to approximately 21,000 harmed customers.
Regulators orders Citizens Bank to pay \$18.5 million for failing to credit full deposits	GAIN Penalizes bad practices	The CFPB, the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) took coordinated action against Citizens Bank for failing to credit consumers the full amounts of their deposited funds. The bank kept money from deposit discrepancies when deposit slips reported less than the actual money transferred. In total, the orders require the bank to provide approximately \$11 million in refunds to consumers and pay \$20.5 million in penalties.
CFPB issues bulletin regarding prior authorization for recurring auto debits	HELPS Supports good practices	The CFPB issued a bulletin emphasizing that companies must obtain prior authorization before electronically debiting a consumer's account and that they are required by law to provide notifications to consumers that clearly describe the terms of preauthorized auto debits.
Call reports add overdraft and NSF fee data	HELPS Increases oversight	After years of advocates' urging regulators to require banks to disclose revenue derived from overdraft and NSF fees, effective March 31, Call Reports for institutions with more than \$1 billion in assets break out these fees as a separate line item.
Credit Unions face consumer suits over overdrafts	HELPS Highlights bad practices	Credit unions in nine states have been hit with class-action suits over their overdraft practices. Although, the suits are in varying stages of litigation they draw attention to overdraft practices.
CFPB issues Safe Student Account Toolkit	HELPS Supports good practices	The CFPB issued the Safe Student Account Toolkit to help colleges evaluate whether to co-sponsor a checking account (or prepaid card) with a financial institution. It helps colleges evaluate costs and benefits for students, including accessing upfront information about fees, features, and sales tactics before agreeing to a sponsorship, and encourages schools to inquire as to safe "no overdraft fees" options.
CFPB report on mobile banking	HELPS Highlights bad practices	The CFPB issued a report about mobile financial services. The report highlights the opportunities, challenges and risks for the underserved that grow out of this growing method of banking.
Court oks class action suit	HELPS Restricts bad practices	The Third Circuit Court overturned a lower court ruling dismissing a class action suit brought against Zions Bancorp for being complicit in a scam to take money out of consumers bank accounts. The ruling allows the suit to proceed.

Credit Cards	<p>Credit cards have become ubiquitous methods of payment for most Americans. The Credit CARD Act of 2009 put in place a number of consumer-friendly reforms. However, abuses remain, particularly in the card products targeted for subprime consumers.</p> <p>In 2015, the Credit CARD Act protections continued to prove successful. Research continued to show consumer savings and the effectiveness of the law. Federal regulators continued to hold issuers responsible for consumer abuses, particularly in the sale of add-on products.</p>	
	68% of Americans have a credit card	\$16 billion Savings for consumers from reductions in “gotcha” fees as a result of the Credit CARD Act
<ul style="list-style-type: none"> • <i>The interest rate the borrower will pay for credit card purchases should be stated and agreed to by the borrower before credit is extended.</i> • <i>All fees associated with credit cards should be clearly presented.</i> • <i>Lenders should assess the borrower’s ability to repay the full cost (fees and interest) of credit before extending credit.</i> • <i>Credit cards should not use up-front fees, add-on products, or other means to disguise and add to the cost of the card.</i> • <i>Credit cards that promote no interest on certain purchases should not be allowed to charge interest retroactively if the amount is not paid in full by the end of the promotional period.</i> • <i>Minimum payment amounts should make reasonable progress in reducing the debt.</i> 		
CFPB orders Citibank to pay \$700 Million for illegal practices	GAIN Restricts bad practices	Citibank, N.A. and its subsidiaries have been ordered by the CFPB to pay \$700 million in relief to affected consumers by their illegal practices related to credit card add-on products and services. The bank was involved in deceptive marketing, billing, and administration of debt protection and credit monitoring add-on products. Citibank and its subsidiaries will pay \$35 million in civil money penalties to the CFPB.
CFPB took action against two card add-on product vendors for unfairly charging consumers.	GAIN Restricts bad practices	The CFPB took action against two credit card add-on product vendors – Affinion Group Holdings, Inc., Affinion’s affiliated companies, and Intersections Inc. – for unfairly charging consumers for credit card add-on benefits they did not receive. Under the proposed consent orders, Affinion would pay approximately \$6.8 million in monetary relief for eligible consumers who have not yet received refunds and \$1.9 million in civil money penalties. Intersections would pay around \$55,000 in monetary relief to eligible consumers who have not yet received refunds and \$1.2 million in civil money penalties.
CFPB takes action against Fifth Third Bank	GAIN Restricts bad practices	The CFPB’s action against Fifth Third’s deceptive marketing of credit card add-on products requires the bank to provide an estimated \$3 million in relief to eligible harmed consumers and pay a \$500,000 penalty.
CFPB shuts down sham credit card	GAIN Fosters good practices	A federal district court entered a consent order that would permanently ban a Texas-based company, Union Workers Credit Services, from offering any consumer credit products or services after it duped thousands of consumers into signing up for a sham credit card. The order also required the company to pay a penalty of \$70,000.
FDIC fines issuer for add-on practices	GAIN Penalizes bad practices	The FDIC settled with Comenity Bank for deceptive and aggressive marketing of credit card add-on products.
Continental Finance Company to refund money	GAIN Restricts bad practices	The CFPB ordered Continental Finance Company to refund \$2.7 million in illegal fees. Holders of the company’s fee harvester credit cards were charged fees in excess of the amount allowed under the Credit Card Accountability and Consumer Protection (CARD) Act.

FTC acts against credit card interest rate scam	GAIN Restricts bad practices	The FTC sued Innovative Wealth Builders (IWB), a telemarketing operation that falsely promised consumers it could reduce their credit card interest rates and save them thousands of dollars on their debts. The FTC alleged that the defendants made false claims to consumers about their reduction services and refund policies, and billed consumers without their consent. Consumers will receive more than \$969,000.
FTC settles in credit card laundering scheme	GAIN Restricts bad practices	Participants in an alleged credit card “laundering” scheme have agreed to settle Federal Trade Commission charges that they illegally helped provide access to payment networks, thereby enabling scammers to place bogus charges on consumers’ credit cards. From 2010 to 2013, more than \$1 million in payments from consumers’ credit cards allegedly was laundered through the accounts that the defendants helped secure and collected fees from.
CFPB released a report detailing how the CARD Act helped consumers avoid more than \$16 Billion in Fees	HELPS Highlights bad practices	A CFPB report found that the Credit Card Accountability Responsibility and Disclosure Act (CARD Act) has helped reduce the cost of “gotcha” credit card fees by more than \$16 billion since its passage in 2009.
FTC settles with company that placed consumer card information at risk	HELPS Penalizes bad practices	Wyndham Hotels and Resorts has agreed to settle FTC charges that the company’s security practices unfairly exposed the payment card information of hundreds of thousands of consumers to hackers in three separate data breaches.
CFPB finalizes rule aimed at improving credit card agreement submission process	HOLD Restructures oversight	The CFPB issued a final rule aimed at improving the way that companies submit consumer credit card agreements to the Bureau. The final rule suspends for one year credit card issuers’ obligations to submit their credit card agreements to the Bureau. In the short run this provides less public information, but in the long run it makes more data easily available.
Federal court upholds state surcharge ban	HOLD Prevents bad practices	The Second Circuit Court of Appeals reversed a lower court ruling that had struck down a New York law that prohibited retailers from charging surcharges to consumers who use credit cards. This ruling upholds the surcharge ban.

Prepaid Cards	<p>Prepaid credit cards can provide convenience and safety, but most lack basic consumer protections and they can come loaded with fees, sometimes including overdraft fees. Because the disclosure of these fees varies from card to card and is often hidden, consumers have difficulty comparison-shopping. Some employers and states push for or require wages and public benefits to be loaded onto a particular prepaid card. Some payday lenders and others have used prepaid cards as vehicles for offering predatory loans and evading credit rules.</p> <p>In 2015, there remained no widespread regulation of prepaid cards, which continued to grow in popularity. The CFPB proposed rules in late 2014, however, those rules have yet to be finalized.</p>	
	<p>41 States Provide unemployment benefits on a prepaid card</p>	<p>50% increase In prepaid card use from 2012 to 2014</p>
<ul style="list-style-type: none"> • <i>Prepaid cards should not have overdraft or credit features.</i> • <i>The fees on prepaid cards should be limited and well-disclosed. Customers should have access to statements and account information for free.</i> • <i>Prepaid cards should include deposit insurance.</i> • <i>Prepaid cards should have the same protections in place as those on electronic payments generally (Regulation E).</i> • <i>Workers and other consumers should be able to choose how they receive the funds they are entitled to.</i> • <i>Prepaid cards should not include mandatory arbitration clauses for dispute resolution.</i> 		
Higher One ordered to repay fees	GAIN Restricts bad practices	Federal Regulators ordered Higher One to make \$55 million in restitution to approximately 1.5 million student victims and civil money penalties. Higher One, whose OneAccount division provided cards and checking accounts to students for books, school supplies and other living expenses, improperly collected millions of dollars because of its failure to fully inform consumers about certain fees and other features. The Federal Reserve is seeking \$24 million worth of repayment to about 570,000 students, while the Federal Deposit Insurance Corporation ordered Higher One and its partner bank, WEX Bank, to return \$31 million to 900,000 consumers.
DOE issues campus card rule	GAIN Restricts bad practices	The U.S. Department of Education finalize rules (Cash Management Rule) to limit the fees on debit and prepaid cards offered through colleges and universities.
Chase refunds money	GAIN Restricts bad practices	After a class action suit, Chase voluntarily offered class action suit participants full refunds of all fees paid for using prepaid payroll cards used by a McDonald's franchise.
PA issues new unemployment prepaid card	GAIN Improves practices	Pennsylvania worked with US Bank to enhance their prepaid debit card for use in the state unemployment benefit program. The card offers fee-free ATM withdrawals as well as other low fee benefits. NCLC estimates these changes will save consumers \$2.3 million in fees.
NY improves payroll card rules	GAIN Restricts bad practices	The NY department of labor proposed new rules governing payroll prepaid cards. These rules, the strongest proposed thus far, restrict certain fees and provide consumers more information about the fees related to the card.
24 states have low fee unemployment prepaid cards	GAIN Improves practices	24 states have unemployment compensation prepaid cards that have fee-free ATM withdrawals and other low fee benefits. This is an increase from 2013, where 18 states had initiated similar cards.

CFPB addresses RushCard problems	HELPS Addresses bad practices	The CFPB pushed to address harms to consumers who were blocked from accessing their funds on the RushCard due to payment processing glitches.
Green Dot raises fees	LOSS Increases costs	Green Dot raised monthly fees on it's prepaid card. However, the card continues to not have overdraft fees.

<h2 style="text-align: center;">Debt Collection/Buying</h2>	<p>Debt collection abuses have for years been at the top of the list of complaints reported to the FTC and CFPB. Debt collectors commonly engage in illegal threats, harassment, and privacy violations. The debt-buying industry has grown rapidly, spurred by rapidly rising amounts of consumer debt and an increased willingness of creditors to sell charged-off consumer debts. Debt buyers typically purchase portfolios of consumer debts, some of which are years old, for pennies on the dollar and then attempt to collect on the debts using a variety of techniques. However, these companies rely on scant and potentially inaccurate information obtained from the original creditors. As a result, unreliable records are used to collect or bring suits on debts. The records may show inaccurate amount and include debts that are beyond the statute of limitations, have been discharged in bankruptcy or already paid, or which do not even belong to the consumer being contacted or sued.</p> <p>Although debt-collection abuses persisted in 2015, the federal government and states put in place important policies to further regulate the industry. Most importantly, numerous federal and state regulators stepped up regulatory and enforcement activity against abusive debt collectors, indicating a continued emphasis on ensuring consumers are treated fairly and that debt collection is not used as a substitute for reasonable lending practices.</p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 33%;">13-14%</td> <td style="width: 33%;">\$1,350</td> <td style="width: 33%;">4 cents</td> </tr> <tr> <td>of those with a credit score have a debt in collections</td> <td>Average amount of each debt</td> <td>Average amount paid per dollar of debt</td> </tr> </table>	13-14%	\$1,350	4 cents	of those with a credit score have a debt in collections	Average amount of each debt	Average amount paid per dollar of debt
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<ul style="list-style-type: none"> • <i>Debt collectors should collect debts only in a fair manner without threats or harassment and with respect for consumer privacy.</i> • <i>First-party creditors, such as payday lenders, should be required to abide by fair debt collection rules.</i> • <i>Consumers should have effective remedies against unfair debt collection practices.</i> • <i>Debt collection actions (in and out of court) should be brought only by creditors or debt buyers who actually own the debt, against consumers who actually owe the debts, and for the correct amounts being collected.</i> • <i>Consumer information should travel with the debt from the lender or original creditor to subsequent collectors and debt buyers. No debt should be sold or assigned without business records establishing the essential facts about the debt and previous debt collection efforts.</i> • <i>Appropriate and strong laws, regulations, and court rules should govern the sale of charged-off consumer debt, debt-buying companies, and debt-collection lawsuits. These laws, regulations, and court rules should be enforced rigorously.</i> 							
<p>IL passes debt collection law</p>	<table border="1" style="width: 100%;"> <tr> <td style="width: 15%;">GAIN</td> <td rowspan="2" style="width: 85%;">Illinois passed amendments to their Victims Compensation Act, that outlines procedures for giving notice to a vendor waiting for payment of a claim for compensation filed under the Act. It provides that a vendor who has been given notice of the claim may not engage in debt collection activities against the applicant until the Court of Claims awards compensation for the debt and the payment is processed.</td> </tr> <tr> <td>Fosters good practices</td> </tr> </table>	GAIN	Illinois passed amendments to their Victims Compensation Act, that outlines procedures for giving notice to a vendor waiting for payment of a claim for compensation filed under the Act. It provides that a vendor who has been given notice of the claim may not engage in debt collection activities against the applicant until the Court of Claims awards compensation for the debt and the payment is processed.	Fosters good practices			
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<p>CA law strengthens debt collector rules</p>	<table border="1" style="width: 100%;"> <tr> <td style="width: 15%;">GAIN</td> <td rowspan="2" style="width: 85%;">California passed a new law that gives a consumer the ability fight back against abusive debt collection tactics by asking a court to set aside default judgments and hear the case on the merits within 180 days after the first actual notice of the lawsuit. The protection would ensure that consumers can defend themselves in situations where they received no initial notice that they were being sued, through no fault of their own.</td> </tr> <tr> <td>Restricts bad practices</td> </tr> </table>	GAIN	California passed a new law that gives a consumer the ability fight back against abusive debt collection tactics by asking a court to set aside default judgments and hear the case on the merits within 180 days after the first actual notice of the lawsuit. The protection would ensure that consumers can defend themselves in situations where they received no initial notice that they were being sued, through no fault of their own.	Restricts bad practices			
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Restricts bad practices							

ME protects consumers from unscrupulous debt collectors	GAIN Restricts bad practices	The bill passed protects consumers from debt buyer abuses by prohibiting suits on stale debt, preventing the harassment of borrowers, and requiring debt buyers to send a written copy of a payment plan or settlement to the consumer within ten days of entering one. The Maine legislature overrode a veto to make this bill a law.
CFPB Orders EZCORP to Pay \$10 Million for illegal tactics	GAIN Restricts bad practices	The CFPB took action against EZCORP for illegal visits to consumers at their homes and workplaces, empty threats of legal action, lying about consumers' rights, and exposing consumers to bank fees through unlawful electronic withdrawals. The Bureau ordered EZCORP to refund \$7.5 million to 93,000 consumers, pay \$3 million in penalties, and stop collection of remaining payday and installment loan debts owed by roughly 130,000 consumers. EZCORP is also barred from future in-person debt collection.
CFPB enforcement actions on Encore and Portfolio Recovery	GAIN Restricts bad practices	The CFPB brought enforcement actions against Encore Capital Group and Portfolio Recovery Associates, the two largest debt buyers active in the United States. Encore will pay up to \$42 million in refunds to affected consumers, a \$10 million fine and cease collection on \$125 million in debts. Portfolio will pay \$19 million in consumer refunds, an \$8 million fine and cease collection on over \$3 million in debts. The CFPB documented the companies buying debts that were potentially inaccurate, lacking documentation or unenforceable, filing lawsuits without verifying debts and using false statements to pressure consumers into making payments.
CFPB, 47 States and D.C. take action against JP Morgan Chase	GAIN Restricts bad practices	Chase sold "zombie debts" to third party debt buyers. The settlement requires the bank to pay \$136 million to the CFPB and states for consumer restitution, and another \$30 million to the OCC for the bank's debt collection and sales practices. The agreements also lay out some very specific rules about the changes the bank needs to make in relation to debt sale practices.
OCC takes action against Bank of America	GAIN Restricts bad practices	The OCC ordered Bank of America to pay a \$30 million civil money penalty and remediation to approximately 73,000 impacted customer accounts. The bank's non-home loan compliance and debt collection litigation practices violated the Service members Civil Relief Act.
CFPB wins against law firm	GAIN Restricts bad practices	A Georgia judge upheld the CFPB's case against Hanna and Associates, a law firm accused of being a debt collection mill. The ruling upholds the CFPB's case alleging the firm violated the Fair Debt Collection Practices law in its handling of lawsuits for debt buyers.
CFPB settles with Hanna and Associates	GAIN Restricts bad practices	The CFPB settled with Hanna and Associates, a Georgia-based law firm accused of running an illegal debt collection lawsuit mill. As part of the settlement the firm will pay a \$3.1 M penalty as well as agreeing to have on hand specific documentation before bringing debt related lawsuits against consumers.
CFPB sues phantom debt caller	GAIN Restricts bad practices	The CFPB sued individuals and organizations in Georgia and New York that ran a phantom debt collection scheme. The suit includes the individuals and companies directly involved as well as the payment processor and telemarketing companies that were critical to the scam including worldwide processor Global Payments.

CFPB takes action against "bad check" debt collector	GAIN Restricts bad practices	The CFPB took action against National Corrective Group, Victim Services Inc. and American Justice Solutions, Inc., for using deceptive threats of criminal prosecution and jail time in order to intimidate consumers into paying debts for bounced checks. The companies also misled consumers into believing that they must enroll in a costly financial education program to avoid criminal charges. If approved by the court, would put an end to the illegal activities, impose a civil money penalty of \$50,000, and require new consumer disclosures and stronger oversight of the bounced check program.
FTC issued fines in Rachel Robocall case	GAIN Restricts bad practices	Companies involved in the "Rachel Robocall" scheme were ordered by a FL district court to pay \$1.7 million. The FTC brought case against a number of companies in this scheme, three of which are involved in this order (Universal Processing Services, a payment processor, and telemarketer Hal E. Smith and his company HES Merchant Services Company). The scheme involved using robocalls to push a false credit card interest rate reduction scheme to consumers.
FTC sues Texas debt collection firm	GAIN Restricts bad practices	The FTC released a complaint against a Texas-based debt collection operation and its current and former principals for illegally threatening consumers with false claims. The agency would deceptively threaten consumers to pay their debt, otherwise it would bring legal action against them or garnish their wages.
FTC and CFPB settle with national mortgage servicing company	GAIN Restricts bad practices	Green Tree Servicing LLC was charged with illegal loan servicing and debt collection practices by the FTC and CFPB. The settlement requires the company to pay \$48 million to the affected consumers and a \$15 million civil penalty as well as terminate its alleged illegal practices, provide home preservation plans to distressed homeowners, and take action to ensure accuracy in the amount due by consumers.
FTC stops scammers	GAIN Restricts bad practices	The FTC settled a suit against Kirit Patel, Broadway Global Master Inc., and In-Arabia Solutions Inc. in which alleged that callers working with the defendants harassed consumers into paying on bogus debts. The defendants were banned from the debt collection business as part of the settlement
CFPB action against lender for illegal collection tactics	GAIN Restricts bad practices	The CFPB brought enforcement action against Westlake Services and Wilshire Community Credit for illegal debt collection tactics. The companies engaged in a variety of illegal practices including posing as other companies or individuals and disclosing loan details to borrowers employers and family.
FTC action puts an end to fraudulent debt collection scheme	GAIN Restricts bad practices	The FTC settled charges against the operators of a nationwide fraudulent debt collection scheme targeting Spanish-speaking consumers throughout the nation. The settlement orders the defendants to pay more than \$6.8 million. The FTC also banned the defendants, Bionore Inc., Jager International Inc., Allianz Inmobiliaria Corp. and Jorge Sumbre, from the debt collection business and telemarketing. The perpetrators threatened consumers with arrest, lawsuits, and immigration status investigations if they did not pay the fake debts.
FTC and Illinois Attorney General shut down phantom debt collector	GAIN Restricts bad practices	The FTC and the Illinois Attorney General shut down activities of a Chicago company that coerced consumers into making payments on debts they did not owe or for which the company had no authority to collect. The scam targeted consumers who applied for or obtained payday and other short term loans.

FTC halts three debt collection operations	GAIN Restricts bad practices	The FTC ordered the federal courts in New York and Georgia to temporarily halt the debt collection operations by Unified Global Group, Premier Debt Acquisitions, and The Primary Group for violating federal law by threatening and deceiving consumers via text messages, emails, and phone calls. The defendants would falsely threaten to arrest or sue consumers and illegally contacted family members, friends and employers to withdraw information to dispute debts, but did not identify themselves as debt collectors.
CFPB action halts harassment of servicemembers	GAIN Restricts bad practices	The CFPB brought action against an auto lender for aggressive and deceptive tactics used to coerce servicemembers into paying debts. The company, Security National Automotive Acceptance Company (SNACC) will be required to refund \$2.28 million to customers for using illegal debt collection practices including threatening to call commanding officers if a servicemember failed to pay.
FTC announces nationwide crackdown on abusive debt collectors	GAIN Increases oversight	The Federal Trade Commission and other law enforcement authorities around the country announced the first coordinated federal-state enforcement initiative targeting deceptive and abusive debt collection practices. Operation Collection Protection targets a broad range of illegal conduct – abusive collection calls, bogus threats of arrest or lawsuit, deceptive debt buying practices, phantom debt scams, and violations of nearly every provision of the Fair Debt Collection Practices Act.
CFPB takes action against lead aggregators for online trafficking of personal information	GAIN Restricts bad practices	The CFPB took separate actions against T3Leads and its owner for reselling sensitive personal data from payday and installment applications to lenders and debt collectors, allegedly exposing millions of consumers to harassment and deceit. In addition to monetary relief, the CFPB seeks to require T3Leads to clean up its business practices. In a separate matter, the CFPB took action against Eric V. Sancho, who operated a company called Lead Publisher that sold leads to fraudulent debt collectors without regard for how they would use the data. The CFPB ordered Sancho to disgorge \$21,151 he made illegally and banned him from the financial products and consumer leads industries.
FTC and NY AG announce 2 suits against illegal debt collectors	GAIN Restricts bad practices	The Federal Trade Commission, jointly with the New York State Office of the Attorney General, has filed complaints aimed at shutting down two particularly egregious and abusive debt collection operations centered in Buffalo, New York that target consumers nationwide. According to the complaints, the separate enterprises used threats and abusive language, including false threats that consumers would be arrested, to collect more than \$45 million in supposed debts.
U.S. Attorney charges fifteen defendants in \$31 million fraudulent and coercive debt collection scheme	GAIN Restricts bad practices	Manhattan U.S. Attorney charged individuals involved with debt collection scheme with wire fraud and conspiracy to commit wire fraud in connection with a nationwide debt collection scheme that took in more than \$31 million from thousands of victims across the United States. As alleged, the defendants tried to trick and coerce victims into making payments to the Company by making false threats and telling a host of lies, including that the Company was a law office and that warrants would be issued for the victims' arrests if they failed to repay debts.
FCC strengthens robo call rules	GAIN Restricts bad practices	The FCC issued a rule on robocalls to cell phones that provides significant protections to consumers experiencing debt collection calls to cell phones

CFPB takes action against MA debt collector	GAIN Restricts bad practices	The CFPB filed a complaint in federal district court against EOS CCA (EOS), a Massachusetts debt collection firm for reporting and collecting on old cellphone debt that consumers disputed and EOS did not verify; providing inaccurate information to credit reporting companies about the debt; and failing to correct reported information that it had determined was inaccurate. EOS would be required to overhaul its debt collection practices, refund at least \$743,000 to consumers, and pay a \$1.85 million civil money penalty.
CFPB Issues new bulletin on debt collection practices	HELPS Highlights bad practices	The CFPB issued a new bulletin warning debt collectors and creditors that certain in-person collection attempts are potentially illegal -
NC debt buyer bill fails	HOLD Prevents bad practices	Bills were defeated in North Carolina that would have rolled back important strong protections against debt buyer abuses.
OR defeats bill that would have harmed consumers	HOLD Allows bad practices	Oregon did not pass a bill that originally was beneficial for consumers but was later amended by the debt buyers seeking to codify bad debt buyer practices.
IL bill fails	HOLD Allows bad practices	Illinois failed to pass bills, HB2584 and SB1248, that would have amended the Illinois Wage Assignment Act to make the garnishment of wages illegal.
WV codifies abusive debt collection law	LOSS Reduces consumer protections	A new law in West Virginia doubles the amount creditors can charge consumers on a delinquent account and spells out the number of allowed debt collection calls and contacts in a week.
NC passes debt collection law	LOSS Reduces consumer protections	North Carolina passed a bill that amends the debt collector statutes to more nearly conform to the federal Fair Debt Collection Practices Act. The existing law had provided a greater degree of protection for consumers.
Congress allows robocalls to cell phones	LOSS Reduces consumer protections	As an ammendment to the year-end budget deal, Congress allowed debt collectors to make robocalls to cell phones. Prior to this ammendment, debt collectors were barred from making automated calls to cell phones by the Telephone Consumer Protection Act of 1991 (TCPA), which restricted the use of automated dialing.

Debt Settlement	<p>The for-profit debt settlement industry grew significantly in the last decade by exploiting vulnerable consumers who are drowning in debt. Companies advertise and promise that they can eliminate consumer debt by negotiating reduced payoffs with creditors, usually credit card providers. However, these companies rely on a flawed model that typically requires consumers to stop paying their bills without any guarantee that their creditors will agree to reduce their debt loads and may also impose costs on the consumer that dwarf any benefit. Late fees and increased interest rates resulting from the default follow quickly, and any savings achieved on any debts settled may be dwarfed by the increase in the consumer's overall debt load. Most consumers do not realize the limited benefits these companies claim they can provide, and many end up worse off, with larger debt loads and often lawsuits filed against them by their creditors. These problems are exacerbated when companies evade the FTC's ban on charging fees before a debt is even settled.</p> <p>In 2015 federal regulators took important enforcement actions against abusive debt-settlement schemes.</p>	
	<p>20-25% Of the total debt is charged as a fee</p>	<p>Few consumers benefit Estimates show 65-90% of consumers leave these programs without settling their debt</p>
<ul style="list-style-type: none"> • <i>Consumers should not pay for debt settlement services unless they receive a benefit.</i> • <i>Debt settlement companies should screen consumers for affordability and suitability, provide an overall net benefit to the consumer, and forego their fee where the consumer experiences a net loss.</i> • <i>Debt settlement companies should not direct consumers to stop paying creditors without the prior written agreement of the creditor.</i> • <i>Appropriate and strong laws should govern debt settlement companies and these laws should be appropriately enforced.</i> 		
Morgan Drexen out of business	GAIN Restricts bad practices	Morgan Drexen, a debt settlement firm, filed for bankruptcy after losing in a suit filed by CFPB. The court agreed with the CFPB that the company had been collecting illegal up-front fees from consumers and had run deceptive advertisements.
CFPB sues World Law Group	GAIN Restricts bad practices	The CFPB has obtained a preliminary injunction against World Law Group and its senior leaders for running a debt-relief scheme that charged consumers exorbitant, illegal upfront fees, falsely promising consumers a team of attorneys to help negotiate debt settlements with creditors, failing to provide legal representation, and rarely settling consumers' debts. World Law is alleged to have taken \$67 million from at least 21,000 consumers before providing any debt-relief services. The Bureau has obtained an order in U.S. District Court that halts World Law's operations and freezes defendants' assets while the case is pending.
FTC action against mortgage modification companies	HELPS Restricts bad practices	Four mortgage modification scammers, Brian Pacios, Chad Caldaronello, Justin Moreira and Derek Nelson will be banned from selling debt relief products and services under settlements resolving Federal Trade Commission charges that they deceived homeowners facing foreclosure. The orders against Pacios and Caldaronello impose a judgment of more than \$2.7 million, which represents the total amount consumers paid. The order against Moreira imposes the same judgment. The order against Nelson imposes a judgment of \$859,839, which will be suspended upon the surrender of certain assets.

GA industry bill defeated	HOLD Prevents bad practices	Debt Settlement industry backed bill (HB 387) was defeated. The bill would have increased debt settlement fees and fees for debt management.
WA industry bill defeated	HOLD Prevents bad practices	Washington lawmakers defeated 2 debt settlement bills (SB 5321, HB 1398) that would have allowed debt settlement companies to operate outside Washington state's existing protections
Two WA consumer protection bills defeated	HOLD Allows bad practices	Washington state bills (HB 1490, HB1488) that would have protected consumers were defeated. The bills would have bolstered regulations on the debt settlement industry by limiting the fees debt settlement companies can charge, require that debt-burdened consumers are not "worse off" after enrolling in a debt settlement program, enacted reporting requirements, and imposed a requirement that debt service companies act in the best interest of consumers.

Other Issues	This section reviews outcomes in areas that do not fall into the issue areas above and/or cover multiple issues.	
CFPB and New York Department of Financial Services (NYDFS) sue two pension advance companies	GAIN Fosters good practices	The CFPB and NYDFS filed suit against Pension Funding, LLC and Pension Income, LLC, and three of the companies' individual managers for duping consumers into borrowing against their pensions by deceptively marketing the product as a sale instead of a loan and failing to disclose high interest rates and fees. The CFPB and NYDFS are seeking to end the illegal practices, to prevent further consumer injury, and to obtain redress for consumers and other monetary relief.
CFPB and Navajo Nation take action to stop an illegal tax-refund scheme	GAIN Restricts bad practices	The CFPB and the Navajo Nation, are taking action against Jeffrey Scott Thomas, who through his company, J Thomas Development of NM, Inc., owned four H&R Block tax-preparation franchises. The action against Thomas involves operating an illegal tax-refund scheme where tax-preparation franchises steered low-income consumers, including many citizens of the Navajo Nation, toward high-cost tax-refund-anticipation loans. If approved by the court, the order would result in roughly \$438,000 in total consumer redress and require the defendants to pay \$438,000 in civil penalties for their unfair, deceptive, and abusive practices.
CFPB takes action against Sprint and Verizon	GAIN Restricts bad practices	The CFPB, FCC and state attorneys general filed an order against Sprint and Verizon which, if approved, would provide \$120 million in redress to wireless customers who were illegally billed hundreds of millions of dollars in unauthorized third-party charges. These companies operated billing systems that allowed third parties to "cram" unauthorized charges on customers' mobile-phone accounts and ignored complaints about the charges. Under the proposed terms, the CFPB will oversee \$120 million in consumer refunds. The companies will also pay \$38 million in federal and state fines.
Financial education curriculum tool released by CFPB	HELPS Supports good practices	The CFPB is releasing a tool that educators can use when selecting financial education curriculum for students. The tool will help educators select effective and unbiased materials that increase the financial capabilities of their students.
CFPB launches financial coaching initiative	HELPS Supports good practices	The CFPB is launching its Financial Coaching Initiative, targeting recently-transitioned veterans and economically vulnerable consumers to help them with their financial goals. The program places 60 certified financial coaches at organizations around the country to provide individualized educational services.
CFPB launches financial well-being initiative targeted to people with disabilities	HELPS Supports good practices	The Consumer Financial Protection Bureau (CFPB) is announcing the launch of the Reach Outcomes. Achieve Dreams. Succeed. (ROADS) to Financial Independence initiative, which is aimed at improving the financial well-being and economic security of individuals with disabilities. The initiative, which is piloting with local partners in six communities across the country, will integrate financial counseling with employment, independent living, and other support services that are being provided to individuals with disabilities
CFPB published consumer complaints	HELPS Highlights bad practices	The CFPB began publishing the text of consumer complaints as part of the agency's public complaint database. The text provides additional context for the complaints made public by the agency.

CFPB releases proposed arbitration rule	HELPS Increases oversight	The CFPB is considering proposing rules to ban consumer financial companies from using arbitration clauses in contracts which prohibit consumers from suing in groups to obtain relief. The proposed rules could affect many kinds of financial products as such clauses are widely used in accounts for credit cards, prepaid cards, deposit accounts, payday loans and many others.
High Court upholds disparate impact	HOLD Restricts bad practices	On June 25, 2015, the Supreme Court of the United States held that disparate impact claims are cognizable under the Fair Housing Act. The SCOTUS decision recognized that there was unanimity on the question among all appellate courts (11 of 12) which had taken up the matter. This provision has been used for over 4 decades to protect borrowers from discriminatory lenders.