



CFPB Bites of the Month – December 18, 2024 – Run, Run Rudolph, CFPB Ain’t Too Far Behind

February 19th, 2025 | [Justin B. Hosie](#), [Eric L. Johnson](#) and [Kristen Yarows](#)

In this month’s article, we share some of our top “bites” for the prior months covered during the December 2024 webinar.

Bite 15: CFPB Issues Joint Statement on Elder Financial Exploit

On December 4, 2024, the CFPB along with four other federal financial regulatory agencies, the Financial Crimes Enforcement Network (or “FinCEN”), and state financial regulators [issued](#) an interagency statement on elder financial exploitation. The report provides supervised institutions with examples of risk management and other practices that may be effective in combatting elder financial exploitation. A FinCEN financial trend analysis of the Bank Secrecy Act reports that over a one-year period, about \$27 billion in actual and attempted suspicious transactions was linked to elder financial exploitation. The statement included risk management and other practices that supervised institutions may use to help identify, prevent, and respond to elder financial exploitation. Those practices included: (i) Training employees on recognizing and responding to elder financial exploitation; (ii) Filing suspicious activity reports to FinCEN in a timely manner; (iii) Using transaction holds and disbursement delays, as appropriate, and consistent with applicable law; and (iv) Increasing awareness through consumer outreach.

Bite 14: CFPB Issues Joint Letter with Indian Health Service

On December 12, 2024, the CFPB [issued](#) a joint letter with the Indian Health Service. The Indian Healthcare Improvement Act (“IHCA”) prohibits medical providers, suppliers, or billers from holding approved purchased/referred care (“PRC”) patients liable for any costs associated with the provision of approved health care services, including co-pays and deductibles. The CFPB indicated that debt collectors may be strictly liable for violating the FDCPA when they attempt to collect improper bills that are not actually owed or are in the wrong amount. Also, the CFPB claims that debt collectors may violate the FCRA when they furnish inaccurate information, including information about improper bills. The letter advises parties involved in the billing process to examine their practices to ensure compliance with the IHCA, the FDCPA, and the FCRA, and remediate any harm to consumers stemming from violations. The letter also encourages medical providers and their billing agents to notify debt collectors working on their behalf about their ongoing obligations under the FDCPA and FCRA.

Bite 13: CFPB Issues Annual Report on Student Loans

On November 15, 2024, the CFPB [issued](#) its annual CFPB Student Loan Ombudsman report

analyzing more than 18,000 student borrower complaints – its highest annual complaint volume to date. Last year, 28 million federal student loan borrowers returned to repayment following the end of the COVID-19 payment pause. The annual report described challenges facing student borrowers that include: (i) Problems with billing, including inaccurate or late statements, auto pay errors, and payments that weren't properly applied; (ii) Inaccurate servicer guidance regarding income-driven repayment plans and delays in refunds and loan relief applications; (iii) Ongoing litigation regarding the SAVE program causing a hold on that program; and (iv) Customer service problems such as “doom loops” – where borrowers were shuffled between servicers repeatedly without getting help, waiting months for responses and receiving inaccurate or misleading communications. The report claimed that borrowers waited an average of 8 months for servicers to resolve their issues. The report also urged several systemic reforms including holding borrowers harmless when they encounter servicing errors and ensuring that servicers are held accountable for performance failures.

Bite 12: CFPB Releases Student Loan Supervisory Highlights

On December 13, 2024, the CFPB [released](#) an edition of its supervisory highlights focused on student loans. According to CFPB data, student loans represent the second-largest form of U.S. consumer debt, with around \$1.77 trillion in total outstanding balances. Examiners identified misleading statements regarding loss of federal benefits as well as regulatory violations in connection with refinancing and consolidation of loans. Supervision found that lenders unfairly denied discharge applications eligible borrowers based on Total Permanent Disability status. They also found that lenders inaccurately claimed certain borrowers were ineligible for autopay discounts. Likewise, examiners found that some lenders falsely advertised that they could suspend their loan payments if consumers lost their job but later eliminated this benefit. Many private student loans made directly by schools included provisions allowing borrowers to challenge their loans due to school misconduct, but servicers misled borrowers about those rights. Supervision also found institutional loan contracts with default provisions that would allow schools to illegally withhold students' academic transcripts, access to classes, and other educational services. Examiners also uncovered numerous problems with how servicers processed borrowers' applications for income-driven repayment plans.

Bite 11: CFPB Seeks Information to Address Inaccurate Credit Reporting

On December 9, 2024, the CFPB [issued](#) a request for information in anticipation of a proposed rule to address the effects of inaccurate credit reporting affecting survivors of domestic violence, elder abuse, and other forms of financial abuse. The request asks consumer advocates, credit reporting companies, and the public to comment on the following topics: (i) The prevalence and extent of harms to people with coerced debt, including through the credit reporting system; (ii) Evidence regarding the relevance of coerced debt to a survivor's credit risk; (iii) Barriers to accessing existing protections under federal or state law for survivors of economic abuse; (iv) Challenges resulting from coerced debt facing specific populations including survivors of intimate partner violence and gender-based violence, older Americans, and children in foster care; and (v) Potential documentation or self-attestation requirements for showing that a person's debt was coerced. The rulemaking is in response to a petition for rulemaking submitted by the National Consumer Law Center and the Center for Survivor Agency and Justice. The deadline to submit comments is March 7, 2025. After gathering public comment, the CFPB stated that it intends to issue a proposed rule.

Bite 10: CFPB Proposes Rule to Amend Regulation V to Address Data Brokers

On December 3, 2024, the CFPB [issued](#) a proposed rule that would apply the Fair Credit Reporting Act to some data brokers. The proposed rule would treat data brokers like credit bureaus and background check companies. Essentially, those selling data about income or financial tier, credit history, credit score, or debt payments would be considered consumer reporting agencies required to comply with the FCRA, regardless of how the information is used. The proposal would also apply the FCRA to circumstances when consumer reporting agencies collect and sell header information like names, addresses, or ages for credit reports. The proposal would also require separate, explicit authorization to obtain or share a consumer's credit report. The public has until March 3, 2025, to submit comments on the proposed rule.

Bite 9: CFPB Finalizes Digital Consumer Payment Larger Participant Rule

On November 21, 2024, the CFPB [issued](#) a final rule to supervise the largest nonbank companies that offer digital funds transfer and payment wallet apps. This rule is the 6th rulemaking by the CFPB to define "larger participants" operating in markets for consumer financial products and services. The rule applies to companies that handle more than 50 million transactions per year. The final rule has significant changes from the initial proposed rule, including increasing the threshold annual transactions from 5 million to 50 million transactions. The CFPB also limited the rule's scope to count only transactions conducted in U.S. dollars. The CFPB notes that it has always had *enforcement* authority over these companies, but the final rule gives the CFPB authority to conduct proactive examinations to ensure the companies are complying with the law. The rule is scheduled to become effective on January 9, 2025.

Bite 8: CFPB Announces Payment from Civil Penalty Fund Related to 2023 Credit Repair Judgment

On December 5, 2024, the CFPB [announced](#) that it would be distributing \$1.8 billion to 4.3 million consumers charged illegal advance fees or subjected to allegedly deceptive bait-and-switch advertising by a group of credit repair companies. The CFPB secured a judgment against the credit repair companies in August 2023 after a district court ruled that the companies had violated the Telemarketing Sales Rule's advance fee prohibition. Following the judgment, the companies filed for Chapter 11 bankruptcy protection and closed approximately 80% of their business operations, including their telemarketing call centers. This distribution is the largest-ever from the civil penalty fund. Since 2011, the CFPB has distributed more than \$3.3 billion to consumers through its civil penalty fund. The fund is financed entirely through civil penalty payments, and often referred to by the CFPB as the Victims Relief Fund.

Bite 7: CFPB Takes Action Against State Bank

On December 6, 2024, the CFPB [sued](#) a state bank for allegedly charging illegal ATM fees to cardholders, mishandling fraud complaints, and dropping consumer service calls. The CFPB indicated that since 2008, the bank has contracted with the Department of Treasury to administer Social Security and other federal benefits through the Direct Express prepaid debit card program. The CFPB alleges that the bank engaged in unfair acts and practices, and failed to comply with the Electronic Fund Transfer Act and its implementing Regulation E. The CFPB specifically alleged that the bank did not have sufficient customer service staff to handle calls from Direct Express customers and alleges that the bank deliberately dropped more than 24 million calls from consumers. The lawsuit also alleges that the bank charged illegal ATM fees, misled fraud victims, failed to investigate account problems, and forced consumers to close accounts. The CFPB seeks

permanent injunctive relief, redress for consumers, and a civil money penalty.

Bite 6: CFPB Takes Action Against Student Loan Debt Relief Company

On December 4, 2024, the CFPB [announced](#) that it had taken action against a student loan debt relief company. According to the CFPB, the organization charged illegal upfront fees. Specifically, the CFPB alleged that the organization illegally charged borrowers upfront fees to file paperwork on their behalf to access free debt-relief programs available to consumers with federal student loans. The CFPB filed a lawsuit in 2021, alleging that the company, its owner, and manager, violated the Telemarketing Sales Rule by requesting and receiving advance fees for its debt-relief services. The CFPB alleged that the company charged fees as high as \$795 and received nearly \$3.5 million in advance fees from approximately 3,300 consumers. If approved, the order would ban the company and its owner from providing consumer financial products or services and from offering debt relief services. The order would also require the owner to dissolve the company and impose a civil money penalty of \$2,000 (due to a demonstrated inability to pay more).

Bite 5: CFPB Takes Action Against Student Loan Servicer

On December 9, 2024, the CFPB [announced](#) it had entered into a consent order involving a national student loan servicer. The CFPB had alleged violations of the Consumer Financial Protection Act and Fair Debt Collection Practices Act with respect to the servicer's collection practices involving student-loan borrowers who defaulted on Federal Family Education Loan Program loans. The CFPB alleged that from 2015 to 2020, the company intentionally delayed borrowers from rehabilitating their student loan defaults to push their rehabilitation beyond the 65-day grace period and therefore earn collection fees. The CFPB alleged that these practices were deceptive under the CFPA and unconscionable under the FDCPA. The company agreed to an order banning it from servicing or collecting on any federal or private student loan debt. The order also requires the company to pay a \$700,000 civil penalty to the CFPB's victims relief fund.

Bite 4: CFPB Takes Action Against Student Lender and Investors

On December 5, 2024, the CFPB [announced](#) that it had entered into a consent order with a student loan lender and its investors. The CFPB had sued the lender for offering loans for educational programs that often were not vetted for quality and job placement success or that failed the vetting, despite the lender making representations to the contrary. The CFPB's lawsuit also named the lender's controlling investor. The CFPB alleged the defendants violated federal law by: (i) Deceiving borrowers by claiming they had vetted the partner schools' programs; and (ii) Failed to disclose finance charges and other loan costs resulting in over \$6 million in undisclosed finance charges. The order requires the company and its investors to (i) disclose in all consumer-facing marketing materials that consumers shouldn't rely on the lender to identify quality educational schools and programs, (ii) make no representations about student outcomes regarding job placement or salary data in advertising, (iii) and pay a \$950,000 civil penalty to the CFPB's victims relief fund.

Bite 3: CFPB Orders Supervision over Technology Company's Payment Platform

On December 6, 2024, the CFPB [issued](#) its second supervision order after a contested designation, this time concerning a tech company's payment platform. Back in 2022, the CFPB announced that it was planning to use a "dormant authority" to supervise entities that the CFPB determines pose risks to consumers. In February of 2024, the CFPB issued its first order establishing supervisory

authority, in a matter involving an installment lender. Now, in this matter, the CFPB publicly released its second supervisory designation order in a contested matter, over a large technology company. The order designating the company for supervision pertains to a peer-to-peer payment product that is no longer available in the United States. The CFPB indicated that its order does not constitute a finding that the company engaged in wrongdoing and it does not require the CFPB to conduct a supervisory examination. The order allows the company to petition for termination of the CFPB's supervisory authority no sooner than two years from the date of the order. The company has filed a lawsuit against the CFPB in the U.S. District Court for the District of Columbia, alleging that the CFPB's supervision would be a "burdensome form of regulation" imposed based on a "small number of unsubstantiated user complaints."

Bite 2: Federal Court Says the CFPB Payday Loan Rule Will Take Effect March 30th

On November 26, 2024, news outlets [reported](#) that the Fifth Circuit issued a one sentence order ruling that the CFPB's rule governing *Payday, Vehicle Title, and Certain High-Cost Installment Loans*, (sometimes called the "Payday Rule"), will go into effect on March 30, 2025, which is 286 days after the Supreme Court's decision in a case challenging the rule and the constitutionality of the CFPB's funding. The Fifth Circuit had previously ruled that the 286-day period would begin "from resolution of the appeal" without indicating which appeal or when the period would start. The Payday Rule, [12 C.F.R. 1041.1 et seq.](#) imposes limitations not only on payday loans, but also title loans, certain open-end lines of credit, and installment loans involving a leveraged payment mechanism and an APR over 36%, as well as certain balloon payment transactions. The rule limits covered transactions to two consecutive returned payment attempts rather than the standard three allowed for payments generally, requires certain notices related to payments, and imposes both policy and recordkeeping requirements.

Bite 1: CFPB Reforms Overdraft Rule for Large Financial Institutions, Now Facing Lawsuit

On December 12, 2024, the CFPB [announced](#) its final rule on overdraft fees for large financial institutions. The rule applies to banks and credit unions with more than \$10 billion in assets. These institutions will need to choose one of the following options when charging overdrafts: (i) Cap their overdraft fee at \$5; (ii) Cap their fee at an amount that covers costs and losses; or (iii) For financial institutions seeking to profit from overdraft, give consumers a choice on whether to open a line of overdraft credit, provide account-opening disclosures, send periodic statements, and give consumers a choice of whether to pay automatically or manually. The CFPB estimates that the final rule will save consumers up to \$5 billion in annual overdraft fees, or \$225 per household that pays overdraft fees. The final overdraft rule reclassifies overdraft fees as loans subject to interest rate disclosures under the Truth in Lending Act. This final rule is part of the CFPB's effort to tackle fees it calls "junk fees" and is slated to take effect on October 1, 2025. One day after the announcement, media outlets [reported](#) that the several banking associations and banks filed a lawsuit against the CFPB over the rule in the U.S. District Court for the Southern District of Mississippi. The plaintiffs argue that the overdraft services are not "credit," and that consumers do not have a right to incur overdrafts or defer repayment of the overdraft. Therefore, the plaintiffs argue that the overdraft services cannot be regulated under the Truth in Lending Act (TILA). The trade groups also argue that the CFPB exceeded its statutory authority and misinterprets TILA by classifying overdraft fees as a form of credit. The trade groups are seeking a preliminary injunction to stop the CFPB from enforcing the new rule until a final decision has been made in the case.

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Bites, [request a replay](#) on our website.