



CFPB Files Action against Fintech Bank Partner for Alleged Unfair Practices Related to Record Keeping of Consumer Funds

August 25th, 2025 | [Erik Kosa](#) and [Taylor A. Krowitz](#)

Highlights:

- The CFPB issued a proposed order against a fintech currently in Chapter 11 bankruptcy proceedings for allegedly failing to accurately keep records of consumer funds held at partner banks.
- The CFPB is seeking to ban the fintech from participating in, assisting with, or receiving any consideration in connection with deposit-taking activities, the transmission of funds, or acting as a custodian of funds.
- Despite a relatively quiet period for the CFPB after federal cuts, this proceeding shows that the CFPB has not completely abandoned enforcement actions and companies should remain vigilant with their compliance obligations.

Enforcement Summary:

On August 21, 2025, the Consumer Financial Protection Bureau filed an enforcement action in connection with Chapter 11 bankruptcy proceedings for a fintech (the “Fintech”) acting primarily as a third-party service provider for other fintechs and their bank partners, by providing services including advertising, deposit account maintenance, offering debit cards and services, bill payment, funds transfers. The Fintech served as a bridge between nonbank fintech platforms—who may not keep consumer deposits—and the traditional banks with whom fintech customer funds were stored, offering cash management services to banks and directing the movement of consumer funds to and from banks that were originating and receiving ACH and wire transfers for consumers.

The CFPB alleged that the Fintech engaged in unfair acts or practices in violation of the CFPA for failing to properly maintain records of consumer funds held at partner banks. The CFPB claims that the Fintech’s records did not align with the records maintained by the banks, with the shortfall estimated at between \$60 and \$90 million.

The alleged discrepancies were discovered during initial bankruptcy proceedings against the Fintech resulting in the partner banks freezing consumer accounts, preventing consumers from accessing funds for up to eight months in some instances. In some cases, consumers still have not received the full amount of their alleged account balance held with the Fintech. The CFPB alleged that the Fintech (and its partner bank) were aware of the discrepancy between their respective

books for months before the Fintech filed for bankruptcy.

Settlement Terms:

The proposed order would require the Fintech, without admitting or denying liability, to pay a nominal \$1 fine in redress (as a means for the CFPB to access the consumer civil penalty fund) and would:

- permanently enjoin the Fintech from participating, assisting in, receiving consideration or otherwise working in any capacity for any person engaged in advertising, marketing, promoting, offering for sale, selling, or provision of any deposit-taking activities, the transmission or exchange of funds, activities that otherwise involve acting as a custodian of funds, or payments or other financial data processing; and
- prevent the Fintech from selling customer information, including names, addresses, telephone numbers, email addresses, social security numbers, other identifying information, or any data that enables access to a customer's account.

Resources:

You can review all of the relevant administrative filings and press releases at the [CFPB's Enforcement Page](#).

[Proposed Order](#)

[Complaint](#)