



Consumer Financial Services Bites of the Month – March 18, 2026 – “March Wind’s Gonna Blow My Blues All Away.”

March 26th, 2026 | [Justin B. Hosie](#), [Eric L. Johnson](#) and [Kristen Yarows](#)

In this month’s article, we share some of our top “bites” covered during the March 2026 webinar.

Bite 13: Federal Court Rules Against CFPB in Funding Lawsuit

On March 13, 2026, media outlets [reported](#) that the U.S. District Court for the Northern District of California, ruled that Acting Director Vought’s refusal to seek funding for the CFPB from the Federal Reserve was unlawful under the Administrative Procedure Act. According to the decision, “Vought’s plan to ‘shut down’ the CFPB . . . frustrates Congress’s intent to insulate the Bureau’s funding stream from this exact transparent display of partisanship.” The court granted summary judgment to Rise Economy, a nonprofit that claimed it would suffer imminent harm if the CFPB is defunded. The CFPB argued that because funding has been requested due to the Federal Reserve’s returned profitability, the consumer advocates’ case had become moot. The court rejected this argument and noted that the underlying relief sought in the case remained unsatisfied by the terms of the preliminary injunction in the NETU litigation. According to this decision, the CFPB director has a statutory duty to request funding and lacks the unilateral authority to determine whether the Federal Reserve is profitable for the purpose of CFPB funding requests.

Bite 12: FTC Bureau of Consumer Protection Director Gives Remarks

On March 5, 2026, the FTC’s Director of Consumer Protection, Chris Mufarrige [gave](#) prepared remarks to George Mason University’s Antonin Scalia Law School that highlighted the FTC’s three priority areas. Those three priority areas include: (1) ensuring fair and transparent access to tickets for live concerts and shows, in compliance with the Better Online Ticketing Sales Act (“BOTS Act”); (2) fraud-prevention work in stopping financial services firms that ignore red flags and enable bad actors’ misuse of the U.S. payment system; and (3) combatting deceptive negative option subscriptions by enforcing the Restore Online Shoppers’ Confidence Act (“ROSCA”). Mufarrige discussed two enforcement actions that the FTC has brought against companies in the payments industry in the past year. Mufarrige said the FTC has been “vigorously using Section 5 of the FTC Act and ROSCA to protect Americans” from companies failing to make adequate subscription disclosures, those charging for subscriptions without adequate consent, and those making it challenging to cancel. Mufarrige said the “FTC’s enforcement objectives in this area are straightforward: to ensure that consumers can make informed choices about whether to enroll in a subscription and can easily cancel subscriptions they no longer want.”

Bite 11: Council of Economic Advisers Issues CFPB Report

On February 17, 2026, the White House [published](#) the Council of Economic Advisers' report titled "Estimating the Cost of the Consumer Financial Protection Bureau to Consumers." The report estimated that since the CFPB was created, it has cost consumers between \$237-369 billion (\$160-253 per borrower), including fiscal costs, increased borrowing expenses, and reduced originations. The research used the mortgage market to estimate the increased cost of credit for loans explicitly subject to CFPB regulations and extrapolated this data to other industries. In 2024 alone, the report estimated that the combined annual cost of credit for mortgages, autos, and credit cards was between \$24-38 billion. According to the report, the largest component of the costs were from increased borrowing costs, which accounted for \$222 billion to \$350 billion of the total. The report noted that annual paperwork requirements exceeded 29 million hours, equivalent to employing 14,100 full-time workers exclusively on documentation and reporting. The report estimated that these obligations cost businesses \$21 billion.

Bite 10: FTC Issues COPPA Policy Statement

On February 25, 2026, the FTC [issued](#) a policy statement announcing that it will not bring an enforcement action under the Children's Online Privacy Protection Rule (the "COPPA Rule") against certain website and online service operators that collect, use, and disclose personal information for the sole purpose of determining a user's age via age verification technologies. The COPPA Rule requires operators of commercial websites or online services directed to children under 13, and operators with *actual knowledge* they are collecting personal information from a child, to provide notice of their information practices to parents and to obtain verifiable parental consent before collecting, using, or disclosing personal information collected from a child under 13. The policy statement lists specific conditions for when it won't bring an enforcement action against website operators and services – if they: (a) do not use or disclose certain information collected for age verification purposes for any purpose except to determine a user's age; (b) do not retain this information longer than necessary to fulfill the age verification purposes, and delete such information promptly thereafter; (c) disclose information collected for age verification purposes only to those third parties the operator has taken reasonable steps to determine are capable of maintaining confidentiality, security and integrity of the information, including by obtaining written assurances from those third parties; (d) provide clear notice to parents and children of the information collected; (e) employ reasonable safeguards for the information collected; and (f) take reasonable steps to determine that any product, service, method, or third party used for age verification purposes is likely to provide reasonably accurate results as to the user's age.

Bite 9: Appellate Court Hears Oral Argument over CFPB Staffing

On February 24, 2026, media outlets [reported](#) that the U.S. Court of Appeals for the D.C. Circuit heard oral arguments in the National Treasury Employee Union litigation over CFPB staffing, to determine whether an injunction was a necessary "stop-gap" measure to prevent the CFPB's permanent closure. The DOJ argued that the district court erred in issuing an injunction to stop the mass firings, saying the courts lacked jurisdiction over personnel matters. The DOJ argued that the CFPB employees who were fired must take their grievances to the Merit Systems Protection Board (which currently lacks a quorum). The DOJ also argued that Acting Director Vought's efforts to downsize the CFPB did not constitute "final agency action," as defined by the Administrative Procedure Act. The DOJ argued that the administration is not seeking to shut down the CFPB, and Deputy Assistant Attorney General McArthur defended the administration's actions by stating that it would be impermissible to do so. Reports noted that several judges expressed skepticism toward the

DOJ's argument and struggled with the notion that a district court would be powerless to stop the abolition of an entire agency.

Bite 8: FTC Seeks Public Comment on Proposed Rule on Rental Housing Fees

On March 12, 2026, the FTC [announced](#) that it is seeking public comment on a proposed rulemaking to address potential unfair or deceptive fee practices in connection with rental housing. The Advance Notice of Proposed Rulemaking seeks comments on whether a rule is needed to prevent unfair or deceptive fee practices in connection with rental housing and specifically seeks comments on (1) disclosure and misrepresentation of fees and charges, (2) application fee practices, (3) security deposit practices, (4) billing practices, and (5) consumer choice. The comment period goes through April 13, 2026.

Bite 7: New York Issues Proposed BNPL Regulation

On February 23, 2026, the Governor of New York [announced](#) that the Department of Financial Services issued a proposed buy now, pay later regulation to implement the state's 2025 statute regulating buy now, pay later lenders. Both the New York BNPL Act and regulation define a "BNPL Loan" to mean closed-end credit provided to a consumer to purchase a good (other than a motor vehicle) or a service. The definition is not limited to "pay in four transactions." Under the proposed regulation, interest-bearing BNPL loans would be subject to New York usury limits and BNPL lenders would be limited in the amount of penalty fees they may charge for late fees. The BNPL regulation provides a safe harbor amount of \$8 for late fees or a BNPL lender can establish its own penalty fee amount if it is cost-justified and approved by DFS. BNPL Loans would be subject to a series of new disclosure requirements and specific consumer protection requirements. The comment period ended on March 5, 2026.

Bite 6: CFPB Will Request Funding from the FRB

On March 12, 2026, media outlets reported that the twenty-two states suing the CFPB over its funding [argued](#) that Acting Director Vought's decision to never seek funding for the CFPB when the Federal Reserve was not deemed profitable constituted a final agency action that is challengeable under the Administrative Procedure Act. The states had argued that the word "earnings" is used consistently throughout the Dodd-Frank Act to refer to revenues, typically in connection with revenue from investments and securities. The DOJ argued that the entire lawsuit is moot, as U.S. District Judge Amy Berman Jackson of the District of Columbia ruled in December that the federal government could not lapse in its funding of the CFPB. The DOJ informed the court that Acting Director Vought will make a request for third-quarter funding before March 31 and that request won't be for "zero dollars." The DOJ also noted that the CFPB has "sufficient funds" to keep operating even if the request is delayed. The judge indicated that she will issue a decision before the current funding runs out on March 31.

Bite 5: SCOTUS Declines to Hear Appeal from Installment Lender

On March 3, 2026, media outlets reported that the U.S. Supreme Court [declined](#) to accept an installment lender's appeal, finalizing the 9th Circuit's decision that ordered the company to pay \$134 million in legal restitution to the CFPB. The CFPB sued the installment lender in 2013, alleging that the company violated the CFPA by collecting interest on loans that the CFPB claimed were void under state law because a tribal lender was used to evade state usury laws. In January

2025, the 9th Circuit affirmed the district court's judgment and rejected the company's arguments that the CFPB was unconstitutionally funded and that it waived its right to a jury trial. Before appealing the case to the Supreme Court, the company requested a hearing *en banc* by the 9th Circuit, which was denied. The decision from the Supreme Court not to accept the company's appeal appears to end the 12-year legal battle.

Bite 4: Iowa AG Takes Action Against Car Manufacturer

On February 26, 2026, the Iowa AG [filed](#) a lawsuit against a major vehicle manufacturer and its subsidiary, over allegations regarding the collection and sale of driving data from consumers. The petition alleged that the companies committed deceptive trade practices in violation of the Iowa Consumer Fraud Act. The petition alleges that the telematic systems and the manufacturer's mobile applications installed on its vehicles allowed it to collect consumers' driving data, analyze it, and sell it to third-party data brokers for profit without the consumers' knowledge or consent. The petition alleges that the data brokers allegedly sold this driving data to insurance companies, which used the data to increase insurance rates, drop coverage, or deny insurance coverage. The petition also alleges that the manufacturer used aggressive and deceptive enrollment tactics to persuade consumers to purchase its connected vehicle products and services, sometimes misleading them into believing that enrollment was mandatory to access their vehicles' basic safety features. The petition alleges that the companies have been involved in these practices since 2015. The petition seeks civil penalties, the deletion of driving data, restitution, and an injunction.

Bite 3: FTC Warns 97 Dealerships About Deceptive Pricing

On March 13, 2026, the FTC [announced](#) that it is sending letters to 97 auto groups nationwide, warning them that their advertised price must be the total price that consumers are required to pay, including all mandatory fees. The letters encourage the dealers to review their advertising and pricing practices and state that the FTC will continue to monitor the marketplace and take additional action as warranted. The FTC stated in its press release that the letters are part of the FTC's ongoing work to ensure price transparency across multiple markets, including rental housing, ticketing and hotels, grocery and delivery services, and auto sales and leasing. The letters noted several examples of illegal pricing practices including: (a) advertising a price that does not reflect all required fees; (b) advertising a price that reflects rebates or discounts not available to all consumers; (c) advertising a price that fails to take into account the amount of an additional required down payment; (d) conditioning the advertised price on consumers using dealer financing; (e) requiring consumers to buy additional products not included in the advertised price; and (f) advertising unavailable or non-existent vehicles.

Bite 2: DOJ Takes Action Against Used Car Retailer over Alleged SCRA Violations

On February 23, 2026, the DOJ [reached](#) a settlement with the nation's largest retailer of used cars to resolve allegations that the company violated the Servicemembers Civil Relief Act ("SCRA") by illegally repossessing at least twenty-eight vehicles owned by servicemembers who were in military service or had been called to military service without court orders. The DOJ alleged that the majority of these violations occurred as a result of the company's policies, which the DOJ claimed: did not require the company to search the Defense Manpower Data Center (DMDC) website to determine an owner's military status before repossessing a vehicle that was in a "charge-off" status; and did not prohibit the company from repossessing vehicles owned by certain

military reserve members who had received orders to report for military service at a future date. The DOJ also alleged that the company repossessed some vehicles after the consumers informed the company that they were in military service. In the settlement, the company did not admit any of the allegations made by the DOJ. The company agreed to pay at least \$420,000 in damages to twenty-eight impacted servicemembers (approximately \$15K each) and a civil penalty of \$79,380. The settlement agreement also requires the company to submit its improved SCRA policies, procedures, and training materials to the DOJ for its approval and submit credit trade line deletion requests to the credit bureaus on behalf of the impacted servicemembers.

Bite 1: FTC Takes Action Against Large Retailer over Delivery Drivers

On February 26, 2026, the FTC and eleven states [announced](#) a settlement with a large retailer over allegations that the company caused delivery drivers to lose earnings by deceiving them regarding base pay, incentive pay, and tips they could earn. The complaint alleged that the company falsely claimed that 100% of the tips would go to the drivers, misrepresented the incentive pay drivers could earn in exchange for completing certain tasks, and deceived drivers regarding base pay and tips they would receive when the company modified “batched” offers. The complaint alleged violations of the FTC Act and the Gramm-Leach-Bliley Act. Specifically, section 521(a) of the GLB Act, 15 U.S.C. § 6821(a)(2) prohibits “making a false, fictitious, or fraudulent statement or representation to a customer of a financial institution” in order to “obtain or attempt to obtain, or cause to be disclosed or attempt to cause to be disclosed to any person, customer information of a financial institution.” The FTC claimed the company obtained drivers’ bank and financial information while allegedly deceiving drivers regarding the base pay and tips they would receive. The company agreed to a \$100 million judgment to settle the allegations. The proposed order also bans the company from misrepresenting the earnings in the delivery offers to drivers, prohibits the company from modifying an offer for base and incentive pay or tips after the initial offer, and requires the company to complement an earnings verification program to ensure drivers are paid the promised earnings and tips.

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