



Enforcement Alert from Hudson Cook; CFPB Permanently Bans Consumer Finance Company from Providing Consumer Leases and Orders Company to Pay \$2 Million Penalty

September 12th, 2023 | [Michael A. Goodman](#) and

HIGHLIGHTS:

- According to the CFPB, the Nonbank Consumer Finance Company (the “Company”) concealed contract terms and costs violating the Consumer Financial Protection Act, and failed to provide required leasing disclosures violating Regulation M.
- The Company neither admitted nor denied the CFPB’s allegations, but consented to the entry of an administrative order (the “Order”) that permanently bans the Company from providing consumer leases and requires the Company to pay a \$2 million penalty.
- The Order also includes releasing all consumers with existing lease agreements from their leases. The leases amount to about \$34 million.

CASE SUMMARY:

On September 11, 2023, the CFPB filed an administrative consent order against a Nonbank Consumer Finance Company, with its principal place of business in Manchester, New Hampshire. The order alleges that the Company concealed contract terms of its lease agreements and failed to provide required leasing disclosures, in violation of the Consumer Financial Protection Act (“CFPA”) and Regulation M, which implements the Consumer Leasing Act.

The CFPB found that the Company engaged in unfair and deceptive practices in violation of the CFPA when the Company failed to provide consumers with a copy of their contract or contract terms before entering into the transaction and the Company’s employees failed to accurately explain the Company’s product to consumers. Additionally, the CFPB found that the Company’s return practices were unfair because the Company did not accept returns of certain property and goods and did not accept returns of services (such as the return of ancillary labor costs). Finally, the CFPB found that the Company failed to provide leasing disclosures required by Regulation M, such as failing to include disclosures to consumers who continued leasing on a month-to-month basis beyond six months from the initial term.

In the Consent Order, the Company did not admit to these allegations. To resolve the matter, the Company agreed to stop “promoting, offering for sale, or selling Consumer Leases” and pay a \$2 million penalty. Additionally, the Consent Order requires the Company to release consumers from existing lease agreements without regard to whether such leases are in default; the Company must

also allow these consumers to retain the leased products with no further financial obligation. This provision impacts approximately “19,300 leases with an aggregate remaining balance of approximately \$33,649,417.”

RESOURCES:

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

- [Consent Order](#)
- [Stipulation](#)
- [CFPB Press Release](#)

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