



Enforcement Alert from Hudson Cook, LLP: CFPB Announces Enforcement Action Against the Owner of a Student-Loan Debt Relief Company over Alleged Unauthorized Charges and Withdrawals from Student Borrower Bank Accounts

June 10th, 2022 | [Michael A. Goodman](#) and

HIGHLIGHTS:

- The CFPB announced a complaint against a single defendant – the owner of a student loan debt relief company – concerning unauthorized charges and withdrawals from student borrower accounts in violation of the Consumer Financial Protection Act. At the same time, the CFPB also announced a proposed settlement of this matter.
- The defendant neither admitted nor denied the allegations, but consented to entry of the proposed stipulated final judgment and order, which includes a \$175,000 civil money penalty.
- In addition, the stipulated resolution, if accepted by the court, would ban the defendant from providing debt relief services or financial advisory services.
- This enforcement action demonstrates the CFPB’s continued enforcement against and watchful eye over previous alleged wrongdoers as this enforcement action is one that stems from a previously resolved CFPB investigation.

CASE SUMMARY:

On June 9, 2022, the CFPB announced a proposed stipulated judgment, which the CFPB alleged was connected to a prior stipulated judgment from March 30, 2016 with a different debt relief company. In that prior matter, the CFPB resolved allegations of violations of consumer financial protection laws, including charges of unlawful fees and false promises to borrowers. The defendant in this current enforcement action founded a separate debt relief company that “obtained account and billing information for hundreds of consumers” from the former business without the consumers’ consent and began “collecting fees from consumer bank accounts” without obtaining authorization for the withdrawals from those consumer accounts.

Specifically, the complaint alleges that this defendant engaged in unfair acts and practices related to unauthorized debiting of consumer accounts; and provided substantial assistance to his company to engage in unfair practices by debiting consumer bank accounts without consumer authorization.

The defendant agreed to the proposed settlement without admitting these allegations while consenting to a ban from the debt relief industry and the entry of an order to pay a \$175,000 fine.

RESOURCES:

You can review all of the relevant court filings and press releases at the **CFPB's Enforcement page**.

- [Complaint](#)
- [Stipulated Order](#)
- [CFPB Press Release](#)

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