



# Hudson Cook Enforcement Alert: National Bank Reaches Settlement with the CFPB for Alleged Credit Reporting Violations

September 16th, 2024 | [Robert D. Tilley](#) and [Mark D. Metrey](#)

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## HIGHLIGHTS:

- The Consumer Financial Protection Bureau (“CFPB”) issued an administrative consent order to memorialize its settlement with a national bank (the “Bank”) for violations of the Fair Credit Reporting Act, Consumer Financial Protection Act, and Furnisher Rule, citing inaccurate credit reporting and mishandled consumer disputes.
- The Bank must pay \$7.76 million in consumer redress and a \$20 million civil money penalty, while also implementing a comprehensive compliance plan to correct its credit reporting practices.
- The alleged violations include the Bank’s failure to update settled accounts, incorrect reporting of bankruptcy statuses, failure to investigate disputes, and inaccurate credit reporting during its COVID-19 relief program.

## CASE SUMMARY:

On September 11, 2024, the CFPB issued an administrative consent order against the Bank, alleging multiple violations of the Fair Credit Reporting Act (FCRA), the Consumer Financial Protection Act (CFPA), and the Furnisher Rule under Regulation V, with regard to both credit card and deposit accounts. The CFPB alleged that the Bank furnished inaccurate and incomplete information to consumer reporting agencies (CRAs) concerning both credit card and deposit accounts. The Bank also allegedly failed to promptly correct errors in the information it reported for thousands of consumers. Moreover, the Bank allegedly did not conduct reasonable and timely investigations of consumer disputes, as required by federal law.

With regard to credit card accounts, the consent order alleges that the Bank violated the FCRA by:

- failing to properly update or correct information about consumers’ settled or paid-in-full accounts;
- failing to conduct reasonable and timely investigations of consumer disputes;
- failing to properly report dates of first delinquency;
- failing to properly notify customers when the Bank deemed disputes frivolous or irrelevant; and

- failing to establish and implement reasonable written policies and procedures regarding the information it furnished.

With regard to deposit accounts, the consent order alleges that the Bank violated the FCRA by:

- failing to promptly correct information furnished to nationwide CRAs after it determined that information was fraudulent; and
- failing to establish and implement reasonable written policies and procedures regarding the information it furnished.

Under the terms of the Consent Order, the Bank must pay \$7.76 million in consumer redress, compensating affected consumers with a payment of \$150 each. The Bank is also required to pay a \$20 million civil money penalty, which will be deposited into the CFPB's Civil Penalty Fund. In addition, the Bank is required to implement a comprehensive compliance plan to rectify the deficiencies in its credit reporting processes, including by establishing adequate staffing levels to manage consumer disputes, ensuring that all furnished information is accurate and complete, and conducting ongoing monitoring to prevent future violations. The Bank's Board of Directors will be required to review the Bank's compliance with this Order and the FCRA on an annual basis to ensure long-term adherence to legal standards.

Although the Bank has agreed to the Consent Order, it neither admits nor denies the findings outlined by the CFPB.

#### **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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