HUDSON COOK

Consumer Financial Services Bites of the Month – October 21, 2026 – "October Song."

October 23rd, 2026 | Justin B. Hosie, Eric L. Johnson and Kristen Yarows

In this month's article, we some of our top "Bites" covered during the October 2026 Webinar.

Bite 14: Fourteen States Release Guidance on Antidiscrimination Protections

On September 14, 2026, a coalition of fourteen state attorneys general released guidance that "clarif[ies] the state of the law; ensure[s] that [its] residents understand the protections to which they are entitled; and reaffirm[s] [its] commitment to defend and enforce civil rights laws." The coalition included Massachusetts, Maryland, New York, California, Delaware, Hawaii, Illinois, Michigan, Minnesota, Nevada, New Mexico, Oregon, Vermont, and Washington. The joint guidance states that civil rights laws protect against both intentional discrimination and disparate impact. The joint guidance states that "[t]he federal government has recently targeted longstanding civil rights protections . . . [n]either the President nor federal agencies can rewrite laws passed by Congress, nor use executive orders or agency rules or memoranda to change protections provided under the Constitution or federal or state laws." The joint guidance notes that public and private entities can lawfully engage in proactive measures to stamp out discrimination in all forms and provides examples of promising policies and practices that can further the goals of civil rights laws.

Bite 13: FTC Publishes Price Transparency FAQs for Auto Dealers

On September 15, 2026, the FTC published frequently asked questions on price transparency to help the auto industry comply with the FTC Act. This guidance follows the letters that the FTC sent to 97 auto dealership groups about deceptive pricing in March 2026. The guidance reiterates that the FTC Act requires that the advertised price be the actual price any consumer can walk into the dealership and pay, excluding only charges that the government requires the consumer to pay. The guidance explains that MSRP, discounts, and rebates can be included in advertisements, as long as the actual price is the most prominently displayed amount and consumers know what price they would need to pay to get the car. The FAQs provide guidance on topics including: why price transparency is an enforcement priority for the FTC; what an advertised price should include; how to handle document fees, rebates, and discounts; how to account for price negotiations and optional items; and how to advertise accurately when vehicles are in transit, and more.

Bite 12: CFPB Examines About 70 Companies This Year

On October 7, 2026, it was reported that about 70 companies were selected for CFPB exams this year, which is about half of the typical number. The CFPB resumed examinations in the spring, after the CFPB's work had been suspended. It was reported that more than half of those exams went through an "expedited review," which means supervisors identified at most only minor lapses with little risk of harm to consumers, making penalties unlikely. Expedited reviews were previously rare because the process was designed for the CFPB to focus on the companies that the CFPB found the riskiest. Last year, the CFPB said it would cut the number of exams by half and refocus exams away from previously core areas, such as student loans and medical debt, and focus the exams on mortgages and redress for military servicemembers. The CFPB also stated that it would mostly focus exams on banks rather than nonbanks. The CFPB requires examiners to recite a "humility pledge" during exams to work efficiently, transparently, and collaboratively with the company being examined.

Bite 11: CFPB Publishes Fair Lending Report to Congress

On October 1, 2026, the CFPB published its fair lending report for 2025 and stated that it "transformed its fair lending program by refocusing its regulatory, supervisory, and enforcement activities on its statutory authority and identified consumer harm." The CFPB stated that its leadership uncovered "egregious examples of companies being targeted for protected political speech and exercising their constitutional rights" and that the CFPB has "worked to correct its course." CFPB leadership prioritized implementation of several executive orders, including directives prohibiting unlawful debanking, terminating all discriminatory and illegal preferences, and ending use of disparate impact liability in the enforcement of civil rights laws. The report details several fair lending enforcement actions that the CFPB has taken steps to reverse, including terminating several older consent orders. The report also discusses that the CFPB stopped consulting with institutions regarding special purpose credit programs based on race, color, national origin, or sex and prioritized addressing unlawful debanking.

Bite 10: FTC Dismisses Complaint Against Auto Dealer

On October 5, 2026, the FTC dismissed a federal complaint that sought permanent injunctive relief against an auto dealership group. The FTC issued the administrative complaint in August 2024, and shortly after, the dealership initiated a lawsuit in the U.S. District Court for the Northern District of Texas, seeking a preliminary injunction and asserting constitutional claims regarding the FTC's structure and administrative policies. The court denied a preliminary injunction and dismissed several of the dealership's constitutional claims. The FTC anticipated that it could have been years of federal court litigation before any administrative adjudication could commence. In the FTC's Order Returning Matter to Adjudication and Dismissing Complaint, the FTC stated that it needed to "evaluate the deployment of its limited agency resources to ensure maximal efficacy and utility." The order also noted that "the FTC remains committed to pursuing price transparency in the appropriate forum, including for auto dealers."

Bite 9: CFPB Announces Initiative on Debanking by Large Banks

On October 14, 2026, the CFPB announced a new initiative to address debanking practices by large banks uncovered by the Office of the Comptroller of the Currency ("OCC"). The OCC report titled "Guaranteeing Fair Banking for All Americans" stated that the nine largest national banks under its supervision maintained policies or engaged in practices that denied or restricted financial access on the basis of Americans' political or religious beliefs or a customer's otherwise lawful

business activities. The CFPB stated that it will "address any consumer harm caused by the nation's largest banks in response to the Report on debanking practices by the Office of the Comptroller of the Currency (OCC)." The CFPB stated that the OCC's report shows that entire sectors were victims of debanking, most notably those related to firearms, oil and gas, and tobacco. The CFPB recently updated its website and complaint portal with information to raise awareness about debanking and continues to encourage consumers to submit complaints if they believe they have been debanked.

Bite 8: FTC Takes Action Against Auto Dealership Group

On October 8, 2026, the FTC announced a proposed settlement with an auto dealership group to resolve allegations that it advertised vehicles at prices thousands of dollars below the prices consumers were ultimately charged. According to the FTC, these practices resulted in consumers paying more than $3,350 above the advertised price, on average, in over 92% of transactions. The FTC had previously warned the dealership group about its advertising practices in March 2026, but the FTC alleged that the advertising practices nevertheless continued. The dealership group agreed to a proposed permanent injunction requiring that, whenever it advertises an amount a consumer may pay to purchase, finance, or lease a vehicle, it clearly and conspicuously disclose the "Total Price" as the most prominently displayed item. The proposed order makes no mention of any monetary relief. This action reflects the FTC's continued emphasis on price transparency.

Bite 7: Court Holds CFPB Must Request Necessary Funding

On September 25, 2026, a judge for the U.S. District Court for the District of Oregon held that CFPB Acting Director Mark Paoletta must request necessary funding from the Federal Reserve, so the CFPB can operate as Congress intended. The court held that former Acting Director Russell Vought's insistence not to request funds for the CFPB was unlawful and violated the Separation of Powers Clause in the U.S. Constitution. The California Attorney General and a coalition of 22 attorneys general brought the lawsuit last year challenging the CFPB Acting Director's decision not to fund the CFPB's operations based on a legal analysis the CFPB received from the U.S. Department of Justice advising that the CFPB could not lawfully draw funds from the Federal Reserve because the Federal Reserve was "unprofitable." California Attorney General Rob Bonta said, "Today, we celebrate a giant win for consumers. . . The order we secured today demands the agency continue to be lawfully funded in order to keep up this important work, and halts the federal government from playing games with the financial protection of consumers in the future."

Bite 6: FTC Publishes ANPRM on Impersonation Rule

On October 1, 2026, the FTC published an Advance Notice of Proposed Rulemaking and request for public comment on a rulemaking proceeding to prevent certain unfair or deceptive acts or practices by search engine, social media, and other digital marketplace platforms that further government and business impersonation scams to defraud consumers. In 2025, the FTC noted that consumers reported losing approximately $16 billion to fraud, a 25% increase from 2024. The top type of fraud reported by consumers to the FTC is impersonation, with many impersonation scams involving government or business impersonations. The FTC seeks comments on whether it should commence a rulemaking proceeding to amend the Impersonation Rule, or adopt some other measure to address unfair and deceptive practices by platforms that further government and business impersonation scams. The FTC seeks comments on platforms' business operations and incentives relating to advertising and information regarding ways to address these acts or practices.

The FTC will accept public comments for 60 days.

Bite 5: FTC Takes Action Against Ticket Broker

On October 15, 2026, the FTC announced a lawsuit against a ticket broker and its officers for allegedly purchasing millions of tickets to high-demand events and later selling the tickets for resale. The FTC alleged violations of the Better Online Ticket Sales Act ("BOTS Act"), and the FTC Act. The complaint alleges that the company used a team of employees, most of whom were based in the Philippines, who used unlawful methods to bypass ticket-issuer account security measures. The complaint alleges that the company used IP proxy services and multi-session browsers to mask the identity and location of the account user. The complaint alleges that the company purchased more than eight tickets for at least 83,500 events and spent more than $1.3 billion to amass more than 18.5 million tickets for these events, generating at least $120.8 million in profit by reselling these tickets on the secondary marketplace. The complaint alleges that the company generated $833,000 in profit by using 1,300 accounts to purchase 7,624 tickets to one Beyoncé Renaissance tour concert in Kansas City, Missouri, in 2023. The FTC seeks a permanent injunction, monetary relief, and civil penalties.

Bite 4: CFPB Files Appellate Brief in Debt Relief Judgment Case

On September 24, 2026, the CFPB filed its appellate brief in the Seventh Circuit, defending a default judgment it won against a student loan debt relief operation and its founder. In May 2025, a judge in the Northern District of Illinois awarded a judgment to the CFPB of roughly $2.1 million in restitution and about $41 million in civil money penalties. The founder appealed the judgment, arguing that the default judgment entered against the company was void for bad service. The CFPB argued that the individual has no standing to challenge a judgment against a company that he repeatedly said he no longer owns or controls, and that he sat on this issue for three years. The CFPB argued that relief under Rule 60(b) is reserved for extraordinary circumstances that simply are not present. The CFPB argued that the company was served personally through its then-president, which satisfies Rule 4, and that Illinois corporate service statutes do not displace the federal rules in federal court.

Bite 3: FTC Takes Action Against Sextortion Relief Scheme

On October 13, 2026, the FTC announced that a federal court has granted the FTC's request to temporarily halt a company and its CEO for allegedly defrauding consumer out of money using false and deceptive promises regarding "sextortion assistance services." The FTC's press release states that "sextortion" is a rapidly growing threat to Americans, routinely carried out by scammers who threaten to publish a nude or sexual image of the victim unless the victim pays the criminal. The complaint alleges that the company used advertisements on search, video sharing, and social media platforms to target sextortion victims looking for help. The FTC alleges that the company pressured victims to purchase packages of their alleged services: phase 1 allegedly included tracking the sextortionist's location, communicating with the sextortionist, producing a detailed investigative report, and reporting the crime to law enforcement; and, phase 2 allegedly included ongoing monitoring of the victims' accounts and reporting attacks to law enforcement. The FTC alleges that the company misled victims of sextortion into paying at least $60 million by falsely claiming it would provide assistance. The FTC also alleged that the company misled consumers by purchasing fake positive reviews. The FTC alleges that the company violated the FTC Act, the Telemarketing Sales Rule, the Reviews and Testimonials Rule, and the Gramm-Leach-Bliley Act.

Bite 2: FTC Takes Action Against Fuel Card Company

On September 17, 2026, the FTC announced a settlement with a company that sells fuel cards, mostly to small businesses to resolve allegations that the company charged its customers undisclosed fees. The FTC first filed the complaint against the company and its CEO in 2019, alleging that the company misrepresented the gas savings, fraud-control features, and fees associated with its fuel cards. The FTC alleged that the company charged late fees to customers who had either paid on time or were prevented by the company from paying on time. In 2023, a federal district court entered summary judgment for the FTC on all counts. In 2026, a federal appeals court upheld the summary judgment order on all counts against the company and affirmed the permanent injunction against it. The federal appeals court affirmed the judgment against the CEO on all but one count and vacated the injunction against the CEO. The settlement agreement requires the company and its CEO to pay $100 million, which will be used to provide consumer redress. The FTC vote to accept the consent agreement was 1-0-1, with Chairman Ferguson recused.

Bite 1: 39 States and DC Take Action Against Subprime Auto Finance Company

On September 17, 2026, a coalition of 39 states and the District of Columbia reached a proposed settlement with a large subprime auto finance company. The New York Attorney General and the CFPB filed the lawsuit in January 2023, and the CFPB moved to withdraw from the case in 2025. The coalition alleged that the company purchased motor vehicle installment sale contracts that the company knew or should have known consumers could not afford and encouraged auto dealers to include voluntary protection products without consumers' consent. The proposed settlements require the company to pay $15.5 million in payments to the participating states, pay $60 million in restitution, and forgive approximately $634 million of debt owed by more than 55,000 consumers. The proposed settlements also require the company to adopt certain industry-leading practices prescribed by the regulators, including capping the selling price of vehicles to no more than 109% of the highest retail book value for a period of seven years; limiting collection and deficiency balance efforts for certain high-risk consumers; and contacting the consumer, in writing, within 10 days of assignment of the retail installment sale contract to verify voluntary protection products.

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