



# Consumer Financial Protection Bureau Alert

July 2015

Please contact the authors below if you have any questions regarding this alert:

**Allyson B. Baker**  
[abaker@Venable.com](mailto:abaker@Venable.com)  
 202.344.4708

**Andy Arculin**  
[raarculin@Venable.com](mailto:raarculin@Venable.com)  
 202.344.4588

**Peter S. Frechette**  
[psfrechette@Venable.com](mailto:psfrechette@Venable.com)  
 202.344.4616

**Laura Arredondo-Santisteban**  
 LAreddondo-  
 Santisteban@Venable.com  
 202.344.4038

**Samuel D. Boro**  
[sdboro@Venable.com](mailto:sdboro@Venable.com)  
 202.344.4370

**Connor H. Crews**  
 Summer Associate

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## Related Services

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**Consumer Finance**  
**Consumer Products and**

## CFPB Delays TRID Effective Date and Provides Insight into Upcoming Rulemakings, Faster Payments Guidance, and Enforcement Trends

### Highlights

#### CFPB Semi-Annual Update to Congress

**Director Cordray Indicates That the Bureau Will Move Forward with an Arbitration Rule, Defends Regulation of Auto Lenders, and Reiterates No Grace Period on TRID**

On July 15, 2015, Consumer Financial Protection Bureau (CFPB or the Bureau) Director David Cordray testified before the Senate Banking Committee on a variety of issues in response to questions from the representatives after his prepared remarks.

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#### CFPB Formally Delays the TRID Effective Date

On July 21, 2015, the CFPB [formally delayed](#) the effective date of its Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) (TILA-RESPA Final Rule or TRID) and TILA-RESPA Amendments. The final rule adopts the CFPB June 24, 2015 proposal to delay the effective dates of TRID and the Amendments. The Bureau reiterated its concern that a longer delay in implementation would impose unnecessary costs on both consumers and the segments of industry working to implement the final rule.

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### Enforcement Actions

#### CFPB Targets Illegal Billing Practices in the Student Financial Aid Industry

On July 23, 2015, the CFPB took action against Student Financial Aid Services, Inc. for illegal sales and billing practices. The CFPB filed a complaint and proposed consent order in federal court, which alleged that the company lured consumers with misleading information about the total cost of its subscription financial services and then hit them with undisclosed and unauthorized automatic recurring charges. Under the proposed consent order, the company would be enjoined from continuing its illegal billing practices, and would be required to pay \$5.2 million, to be distributed to the CFPB and injured consumers.

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Credit Counseling and Debt Services  
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## CFPB Continues Enforcement Focus on Student Loan Servicing Practices

On July 22, 2015, the CFPB entered into a [consent order](#) against Discover Bank regarding its student loan servicing practices. According to the CFPB, Discover Bank and its affiliates overstated the minimum amounts due on billing statements, denied consumers information they needed to obtain federal income tax benefits, and engaged in illegal debt collection tactics, including calling consumers early in the morning and late at night. According to the CFPB, Discover's illegal loan servicing practices harmed private student loan borrowers who were transferred from Citibank to Discover in 2010, when it acquired more than 800,000 accounts from Citibank. The CFPB's order requires Discover to refund \$16 million to consumers, pay a \$2.5 million penalty, and improve its billing, student loan interest reporting, and collection practices.

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## CFPB Continues Credit Card Add-On Products Enforcement with \$700 Million Penalty

On July 21, 2015, the CFPB [ordered](#) Citibank to provide relief to eligible consumers to the tune of roughly \$700 million. Citibank's illegal actions included deceptive marketing, billing, and administration of debt protection and credit monitoring add-on products. As a result, the CFPB ordered Citibank to pay \$700 million in relief to nearly 9 million accounts, and a \$35 million penalty to the CFPB's Civil Penalty Fund. Consumers need not take any action to receive their refunds. Citibank was also ordered to end all unfair and illegal practices.

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## CFPB Enforcement Action on Credit Card Debt Sales and Collections

On July 7, 2015, the CFPB and attorneys general from 47 states and the District of Columbia (in coordination with the Office of the Comptroller of the Currency) entered into a [consent order](#) against JPMorgan Chase regarding its credit card debt sales practices.

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## Guidance, Policies, and Reports

### CFPB Issues Statement on Military Lending Act Final Rule

On July 21, 2015, the U.S. Department of Defense (DoD) issued a final rule that expanded the types of credit products covered by the 36% rate cap and other military-specific protections of the Military Lending Act (MLA). The rule served to close loopholes that resulted in lenders finding ways around the law with respect to financial products that fell outside the scope of the existing regulation.

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### CFPB Captures Trends Through New Monthly Complaint Snapshot

On July 16, 2015, the CFPB launched the first of what will be monthly reports highlighting trends in consumer complaints.

The Monthly Complaint Report uses a three-month rolling average to compare the current average to the same period in the prior year, and to account for monthly and seasonal fluctuations. For company-level complaint data, the three-month rolling average accounts for the 60 days a company has to respond to the complaint.

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## **CFPB Issues Faster Payments Principles**

On July 9, 2015, the CFPB issued Consumer Protection Principles for ensuring that consumers are protected as the financial services and technology industry develops faster payment systems. A proponent of faster payments, the CFPB states that improvements to the payments system could enable "faster, safer, and more accessible commerce." The Bureau's guiding principles relate to privacy, transparency, costs, security, and consumer control of the payments system.

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## **CFPB Focuses on Student Loans in Military Borrower Reports**

On July 7, 2015, the CFPB issued a report on issues faced by servicemembers regarding their rights and protections with regard to student loan servicing. The Bureau's report highlights several legal protections, including the Servicemembers Civil Relief Act (SCRA), Department of Defense Student Loan Repayment Programs, and loan forgiveness on certain federal loans for public service.

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## **CFPB Begins Publishing Consumer Complaint Narratives**

On June 25, 2015, the CFPB published its enhanced consumer complaint database, which includes over 7,700 consumer narratives. These narratives consist of consumer accounts of the problems that the consumers have faced with financial companies concerning mortgages, bank accounts, credit cards, and debt collection, among others. The Bureau's enhanced complaint database is the result of a [policy statement](#) finalized in March 2015 that enables consumers to voluntarily include narrative descriptions when they submit complaints to the Bureau.

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For more information, please contact Venable's [CFPB Task Force](#).

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