



National Association of Consumer Advocates

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Consumer Advocates hope CFPB study opens the closed door, secretive practice of Forced Arbitration.

The National Association of Consumer Advocates applauds the Consumer Financial Protection Bureau for moving forward to examine the problem of Forced Arbitration

(Washington, DC) The National Association of Consumer Advocates^[i] (NACA) applauds the Consumer Financial Protection Bureau's (CFPB) announcement today that it will launch a public inquiry into how consumers and financial service companies are affected by arbitration and arbitration clauses.

The CFPB's decision to move swiftly to study arbitration, less than a year after opening its doors, is good news for consumers whose opportunity to assert their rights and remedy their disputes through the courts is increasingly foreclosed upon. In response to the spring 2011 *Concepcion* decision, NACA has observed large financial institutions rushing to update consumer contracts and agreements to include arbitration clauses that waive consumers' right to collective redress.

"In today's environment, there is no such thing as fair or balanced negotiation between a consumer and a corporation" said Delicia Reynolds, Legislative Director with NACA. "A consumer does business with a financial institution at his or her peril with the corporation setting the terms to its complete advantage. Hardly any consumer financial service or product can be obtained without a consumer first signing an agreement, which has an arbitration clause buried deeply in the fine print. Should ever a dispute arise, a consumer stands no chance to either obtain relief or address their concerns in a forum that is fair or through a process that is open and subject to judicial review."

The CFPB is well poised to examine how these clauses affect consumers and whether any harm is incurred to consumers through these clauses. NACA expects that the CFPB's study will demonstrate what NACA attorneys – who represent thousands of consumers every day – already know to be true. Forced Arbitration is harmful to consumers. It only benefits the corporations who write the agreements and staff the arbitration forums; it happens behind closed doors without comparable judicial rules of evidence or review; and, consumer rights and protections will cease to be asserted unless this practice is eliminated.

For more information on forced arbitration and how it impacts consumers, visit <http://www.naca.net/issues/forced-arbitration>. For more information contact Delicia Reynolds of the National Association of Consumer Advocates, 202-452-1989 ext 103, Delicia@naca.net.

^[i] The National Association of Consumer Advocates is a non-profit association of consumer advocates and attorney members who represent hundreds of thousands of consumers victimized by fraudulent, abusive and predatory business practices. As an organization fully committed to promoting justice for consumers, NACA's members and their clients are actively engaged in promoting a fair and open marketplace that forcefully protects the rights of consumers, particularly those of modest means.