April 11, 2018

Senator Michael Crapo, Chairman
U.S. Senate Committee on Banking, Housing, and Urban Affairs
Washington, D.C. 20510

Senator Sherrod Brown, Ranking Member
U.S. Senate Committee on Banking, Housing, and Urban Affairs
Washington, D.C. 20510

Dear Chairman Crapo, Ranking Member Brown, and Members of the Committee:

The National Association of Consumer Advocates (NACA), a nonprofit association whose members are actively engaged in promoting a fair and open marketplace that forcefully protects the rights of consumers, particularly those of modest means, writes to share our views for the hearing on the Consumer Financial Protection Bureau’s (CFPB or bureau) Semiannual Report to Congress.

Since the CFPB’s inception, NACA has supported the bureau’s mission and commended its tremendous commitment to curbing predatory and illegal business practices in the consumer finance sector. However, the agency’s recent actions (and inaction) over the last several months indicate a willingness to abandon its duty to protect consumers in the financial marketplace. We urge you to (1) call on the President to name a qualified nominee for CFPB director for formal consideration by the U.S. Senate, (2) support the bureau’s payday loan rule and oppose any efforts to weaken or eliminate it, and (3) demand that the bureau’s current “acting” leadership act in good faith to carry out his temporary responsibility to make the financial marketplace fair for consumers.

Since it opened its doors in 2011, the CFPB had utilized its powers and authority to bring about fairness in a marketplace that was almost toppled during the financial crisis by sheer recklessness and greed by financial institutions, lack of oversight from public officials, and subsequent lack of accountability for the harm caused. It had engaged in multiple pursuits to monitor the financial marketplace and enforce laws under its jurisdiction, striving to fulfill its mission to protect consumers.

The CFPB’s efforts included rigorous collection and analysis of data about financial products, services and practices; supervision and examination of financial services providers and their systemic conduct; clear guidelines and standards formalizing appropriate protections for consumers; and enforcement actions against financial institutions engaged in practices that deceive, cheat or rip off their customers.
Through its actions, the bureau identified and addressed some of the worst unfair, abusive and deceptive practices in debt collection, credit reporting, student loans, payday loans, bank accounts, auto financing, and numerous other products and services under its jurisdiction. Its work resulted in billions of dollars returned to consumers, and brought positive changes and improvements to industry practices.

But recently it appears that much of the bureau’s work has slowed or stopped completely, impacting crucial aspects of its mission, including disruptions to its fair lending activities and desertion of crucial investigations against payday lenders. On April 10, for example, the Associated Press reported: “In the 135 days since the Trump administration took control of the nation’s consumer watchdog agency, it has not recorded a single enforcement action against banks, credit card companies, debt collectors or any finance companies whatsoever.”

Moreover, in the CFPB’s Semiannual Report, “Acting” Director Mick Mulvaney recommended legislative changes, including funding the agency through Congressional appropriations instead of through the Federal Reserve; requiring legislative approval of major rules; and ensuring that the director is more beholden to the President. These suggestions would render the agency completely ineffective by squashing its independence and turning it into a political tool.

We strongly support the bureau’s mission and its past work. If the bureau abandons its duties, however temporary, American consumers and the U.S. financial marketplace will be exposed to, and harmed by, unchecked predatory financial schemes run by unaccountable financial institutions.

Therefore, we urge you to be vigilant in your oversight of the agency: (1) call on the President to name a qualified nominee for CFPB director to be formally considered by Congress, (2) support the bureau’s payday loan rule and oppose any efforts to weaken or eliminate it, (3) demand that the bureau’s current “acting” leadership carry out his duty, however temporary, to make the financial marketplace fair for American consumers.

Thank you for considering our views. For more information, please contact me at Christine@consumeradvocates.org or (202) 452-1989.

Sincerely,

Christine Hines
Legislative Director
National Association of Consumer Advocates

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1 Ken Sweet, “Under Trump, a voice for the American consumer goes silent,” ASSOCIATED PRESS, April 10, 2018, https://apnews.com/c60a20d4a5942e7af632b0c3f775700.