



July 28, 2020

The Honorable Mike Crapo, Chairman  
Committee on Banking, Housing, and Urban Affairs  
U.S. Senate  
Washington, D.C. 20510

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

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

The National Association of Consumer Advocates (NACA), a nonprofit organization writes to share our views for the hearing on the Consumer Financial Protection Bureau's (CFPB or bureau) Semi-Annual Report to Congress. In short, the CFPB's lackluster performance over the past year, particularly in light of the extraordinary health and economic crisis this country now faces, puts the U.S. financial marketplace and the millions of consumers who participate in it at risk.

The bureau has shirked its responsibilities to American consumers during the ongoing COVID-19 pandemic despite having received record numbers of complaints from people devastated by the financial impact of the crisis. Since the presidential declaration of emergency in March, the bureau's substantive responses related to the crisis have mostly involved relieving industry players from regulatory requirements and issuing do-it-yourself advice to consumers. With liberal use of the term "regulatory flexibility" in its public announcements, the CFPB's actions have included restricting the flow of critical data reporting from financial entities and permitting them to delay their compliance with federal financial laws.<sup>1</sup>

In late April, 42 of NACA's member leaders representing 32 states who themselves have substantial experience in protecting the rights of consumers in the marketplace, wrote a letter to Director Kathleen Kraninger asking her to shield consumers from the worst outcomes in the ongoing economic fallout caused by the pandemic.<sup>2</sup> They urged her to properly oversee the regulated financial entities' responses to the pandemic, noting that the CFPB had already received reports in its consumer complaint database that mortgage servicers had misled or mistreated consumers, and potentially violated CARES Act provisions.

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<sup>1</sup> Kate Berry, *5 ways the CFPB has eased industry's coronavirus burden*, AMERICAN BANKER, <https://www.americanbanker.com/list/5-ways-the-cfpb-has-eased-industrys-coronavirus-burden>

<sup>2</sup> Letter from NACA state chairs to Kathleen Kraninger, Director, Consumer Financial Protection Bureau, April 30, 2020, [https://www.consumeradvocates.org/sites/default/files/NACA\\_statechairs\\_CFPB04302020.pdf](https://www.consumeradvocates.org/sites/default/files/NACA_statechairs_CFPB04302020.pdf).

In addition, during this time, the bureau insisted on proceeding with non-essential rulemaking, such as issuing a final rule on payday loans. The revamped rule, which gutted the crucial “ability to repay” protections that the original 2017 rule had provided, encourages further proliferation of high-cost loans that lure vulnerable consumers into debt traps.

Finally, the bureau has used its time and resources on far less important projects, such as continuing the work of the severely flawed Taskforce on Federal Consumer Financial Law (Taskforce). Over the last year, CFPB leadership deployed agency resources to form this Taskforce, including hiring outside parties who, based on their backgrounds, have a clear one-sided ideology to achieve ends that may be contrary to the bureau’s mission and the statutory mandates of Title X of the Dodd-Frank Act. In June, NACA, along with the U.S. Public Interest Research Group, consumer law expert Professor Kathleen Engel, and Democracy Forward, sued the CFPB and Director Kathy Kraninger alleging that they have unlawfully created and are operating the Taskforce in violation of the Federal Advisory Committee Act (FACA).<sup>3</sup>

Since the CFPB’s inception, NACA has strongly supported the bureau’s mission to protect consumers and has commended the bureau’s tremendous commitment to curbing predatory and illegal business practices in the consumer finance sector. But the evidence shows that its fundamental priority has changed from one of protecting consumers to arguably indulging regulated financial entities.

We urge this Committee to continue its vigorous oversight of the bureau and to press upon its leadership to redirect the bureau’s focus to once again fulfilling the purpose for which it was created.

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

Sincerely,

Christine Hines  
Legislative Director

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<sup>3</sup> Joint press release, June, 16, 2020, <https://www.consumeradvocates.org/media/press-release/lawsuit-consumer-advocates-allege-cfpb-created-unlawful-taskforce>