

## CFPB Observer: Recent Developments from Dec. 8-12, 2014

### CFPB Issues Report on Medical Debt Collection and Reporting

On Dec. 11, the CFPB held a field hearing in Oklahoma City on the issue of medical debt collection and reporting. In connection with the field hearing, the CFPB also released a new report on its study of the market. The study was based on information gained from credit reporting agencies, consumer complaints received by the CFPB, and interviews with debt collection firms and healthcare industry members. The CFPB found in its study that half of all overdue debt on credit reports is from medical debt. The CFPB also found that the process of incurring medical debt can be confusing for consumers and that there is no standard practice on when overdue medical debt is sent to a debt collector or reported to credit reporting agencies.

As a result of its findings, the CFPB “is concerned that the systems for incurring, collecting and reporting medical debt can create difficult challenges for consumers.” To address these perceived problems, the CFPB announced a new requirement that major consumer reporting agencies provide regular accuracy reports to the CFPB on how they handle consumer disputes of medical debt. The CFPB provided a [sample accuracy report](#). Consumer reporting agencies will be required to report, as a part of ongoing CFPB examinations, information about furnishers with the most overall disputes, the industries with the most disputes and furnishers with higher rates of disputes relative to their peers.

Finally, the CFPB also issued a [consumer advisory](#) explaining how consumers may ask for details regarding their medical debt and how to resolve disputes.

### CFPB Action Against Student Debt Relief Firms

On Dec. 11, the CFPB took enforcement actions against two student debt relief firms for engaging in allegedly illegal marketing practices. The CFPB alleged that the firms violated the Telemarketing Sales Rule, which prohibits charging a fee before any actual debt relief services are provided. The CFPB also alleged violations of sections 1031(a) and 1036(a)(1) of the Consumer Financial Protection Act for engaging in deceptive and abusive practices. Among other things, the CFPB alleged that the firms falsely promised lower student loan payments, deceived borrowers about the cost of the debt relief services offered and also falsely represented an affiliation with the U.S. Department of Education.

In conjunction with announcing the enforcement actions, the CFPB issued a [consumer advisory](#) warning student loan borrowers to be wary of student loan debt relief services that charge high fees for free federal loan benefits.

### CFPB Issues Semi-Annual Report

Earlier this month the CFPB issued its sixth semi-annual report. The report, which covers the CFPB's activities for the period April 1, 2014, through September 30, 2014, is presented to the President and Congress. These semi-annual reports generally do not contain any new information, but rather present a summary of the CFPB's recent enforcement, regulatory and other activities that it has previously announced.

**The Consumer Financial Protection Bureau (CFPB)**, created by the Dodd-Frank Wall Street Reform and Consumer Protection Act, implements and enforces federal consumer financial law. Greenberg Traurig monitors the CFPB's activities, including the almost daily movement on multiple industry fronts that the CFPB makes as it redefines consumer finance law. An entirely new system has been and is being created for the consumer financial services industry. Once complete, the question will be, "How does our clients' business match up?" Our GT CFPB Team regularly observes and analyzes the actions of the CFPB in order to advise clients in best practices, risk management and compliance procedures.

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