CFPB Observer

July 2015

CFPB Observer: Recent Developments from July 13-31, 2015

CFPB Launches Monthly Consumer Complaint Snapshot

On July 16, the CFPB announced the launch of a new consumer complaint report that it will issue on a monthly basis, highlighting recent consumer complaints it has received. Each monthly report will include complaint data on company performance, complaint volume, state and local information, and product trends. The reports will also include a section focusing on a particular product and a particular geographic location. For example, the July report focused on debt collection and on Milwaukee, Wis. While the new monthly report has been criticized, complaints remain an important source of information for financial institutions because they inform the CFPB's work and can help the industry identify areas where the CFPB may focus its supervisory and enforcement activities.

CFPB Issues Cautionary Letters to Retail Sellers Regarding Military Allotment Practices

On July 20, the CFPB sent letters to multiple companies that sell retail goods to military service members cautioning the companies regarding their marketing practices and use of the military allotment system as a payment method. The Department of Defense's (DOD) military discretionary allotment system generally permits service members to direct automatic payments from their paycheck. However, the DOD recently revised the regulations governing the allotment system. The new regulations, which became effective in January, prohibit the use of allotments by service members to purchase, lease, or rent personal property. The CFPB expressed concern in the letters that the retail companies were inappropriately advertising use of military allotment as a means of payment for their goods.

CFPB Issues Final Rule Postponing TRID Effective Date

On July 21, the CFPB issued a final rule delaying the effective date of the TILA-RESPA Integrated Disclosure Rule (TRID) until Oct. 3, 2015. TRID was originally scheduled to become effective Aug.1, 2015; however, because of an administrative error made by the CFPB, by law the earliest TRID could have become effective was Aug. 15, 2015. The CFPB then delayed the effective date another two months because it believed "that moving the effective date may benefit both industry and consumers with a smoother transition to the new rule."

CFPB Enforcement Action Against Student Loan Services Company

On July 23, the CFPB announced an enforcement action against Student Financial Aid Services, Inc. (SFAS) for allegedly illegal sales and billing practices. SFAS formerly operated websites, such as FAFSA.com, that offered services related to student loans. For example, FAFSA.com assisted consumers in completing the federal government's Free Application for Federal Student Aid (FAFSA). SFAS operated the websites at the time of the allegedly illegal conduct, but FAFSA.com is now controlled by the Department of Education. According to the complaint, SFAS allegedly misled consumers about the cost of the services using deceptive sales tactics. In addition SFAS deceived consumers by re-enrolling and automatically charging without their knowledge or consent.

Under the terms of the consent order, SFAS must provide consumers with $5.2 million in relief, cease its allegedly illegal marketing and billing practices, and pay a $1 civil monetary penalty to the CFPB (SFAS has limited financial resources, but by imposing a civil monetary penalty, consumers may be eligible for additional relief from the CFPB's Civil Penalty Fund in the future).

CFPB Enforcement Action Against Mortgage Servicer for Loan Servicing Practices

On July 30, the CFPB announced an enforcement action against a mortgage servicer that specializes in servicing defaulted loans for its allegedly illegal mortgage servicing practices. For example, the servicer allegedly failed to honor trial loan modifications that consumers had entered into with prior servicers before the loans were transferred. The servicer also allegedly misrepresented to consumers the amount of money in their escrow accounts and falsely claimed they were due a refund.

Under the terms of the consent order, the servicer must cease the allegedly illegal mortgage servicing practices, provide consumers with $1.5 million in restitution, and pay a $100,000 civil monetary penalty to the CFPB. In addition, the servicer must "create a detailed data integrity program that tests, identifies, and corrects errors in loans transferred to it to ensure that it has accurate information about consumers' loans." Finally, the servicer must honor all prior loss mitigation agreements on transferred loans.

This *GT Alert* was prepared by **Gil Rudolph, Brett Kitt, Scott Sheehan** and **Peter Cockrell.** Questions about this information can be directed to any member of Greenberg Traurig's **Consumer Financial Protection Bureau (CFPB)** team of professionals:

- Gil Rudolph | Co-Chair, Financial Regulatory & Compliance | +1 202.530.8575 | rudolphg@gtlaw.com
- Brett Kitt | Financial Regulatory & Compliance | +1 202.533.2359 | kittb@gtlaw.com
- Scott Sheehan | Financial Regulatory & Compliance | + 1 713.374.3543 | sheehans@gtlaw.com
- Michael Sklaire | Financial Services Litigation & Regulation | +1 703.749.1308 | sklairem@gtlaw.com
- Andy Berg | Financial Services Litigation & Regulation | +1 202.331.3181 | berga@gtlaw.com
- Michele Stocker | National Chair, Financial Services Litigation | +1 954.768.8271 | stockerm@gtlaw.com
- Jennifer Gray | Financial Services Litigation & Regulation | +1 310.586.7730 | grayjen@gtlaw.com
- Murray B. Silverstein | Financial Regulatory & Compliance | +1 813.318.5741 | silversteinmb@gtlaw.com
- Brian Schulman | Financial Services Litigation & Regulation | +1 602.445.8407 | schulmanb@gtlaw.com
- Jacob Bundick | Financial Services Litigation & Regulation | +1 702.792.3773 | bundickj@gtlaw.com
- Alan Slomowitz | Government Law & Policy| +1 202.533.2318 | slomowitza@gtlaw.com
- Albert Wynn[‡] | Government Law & Policy| +1 202.530.8531 | wynna@gtlaw.com
- Patrick Anderson | Government Law & Policy | +1 202.331.3100 | andersonp@gtlaw.com
- Thomas McKee | Litigation | +1 703.749.1300 | mckeet@gtlaw.com
- Peter Cockrell | Financial Regulatory & Compliance | +1 202.530.8517| cockrellp@gtlaw.com

‡ *Admitted in Maryland, and not admitted in Virginia.*

Albany
+1 518.689.1400

Amsterdam
+ 31 (0) 20 301 7300

Atlanta
+1 678.553.2100

Austin
+1 512.320.7200

Boca Raton
+1 561.955.7600

Boston
+1 617.310.6000

Chicago
+1 312.456.8400

Dallas
+1 214.665.3600

Delaware
+1 302.661.7000

Denver
+1 303.572.6500

Fort Lauderdale
+1 954.765.0500

Houston
+1 713.374.3500

Las Vegas
+1 702.792.3773

London*
+44 (0) 203 349 8700

Los Angeles
+1 310.586.7700

Mexico City+
+52 (1) 55 5029.0000

Miami
+1 305.579.0500

New Jersey
+1 973.360.7900

New York
+1 212.801.9200

Northern Virginia
+1 703.749.1300

Orange County
+1 949.732.6500

Orlando
+1 407.420.1000

Philadelphia
+1 215.988.7800

Phoenix
+1 602.445.8000

Sacramento
+1 916.442.1111

San Francisco
+1 415.655.1300

Seoul∞
+82 (0) 2 369 1000

Shanghai
+86 (21) 6391 6633

Silicon Valley
+1 650.328.8500

Tallahassee
+1 850.222.6891

Tampa
+1 813.318.5700

Tel Aviv^
+972 (0) 3 636 6000

Tokyo¤
+81 (0)3 3216 7211

Warsaw~
+48 22 690 6100

Washington, D.C.
+1 202.331.3100

Westchester County
+1 914.286.2900

West Palm Beach
+1 561.650.7900