

Oportun: History of Abusive Debt Collection Practices

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Oportun is a California-based financial services provider that is rapidly expanding its reach. In some states, Oportun has announced its loans will be originated by MetaBank, indicating it is employing the “[rent-a-bank](#)” scheme, wherein lenders pay a bank with a national charter that is willing to pose as the lender so they can avoid having to comply with state consumer protections. Oportun had [applied for a national charter](#) of its own, but withdrew the application amid [public scrutiny](#) of its practices.

Oportun has secured endorsements from influential Latino organizations in states where it operated previously, but a history of abusive debt collection practices has become clear, especially in California and Texas. While it has made promises to reform those practices, they have so far continued.

Abusive Practices in California and Texas

CRL documented a pattern of egregious, abusive, and intimidating debt collection practices in California in a 2021 report, [Suing-to-Intimidate](#).

The report found that Oportun had been a top filer of cases in California since 2018; that the company sued to intimidate its mostly Latino customer base; and that Oportun did not make meaningful changes to their debt collection model until it was the subject of public pressure -- even after the onset of the coronavirus public health and economic crisis.

The report found that Oportun claimed to be a provider of alternatives to predatory loans, to help build credit for underserved communities, like Latino and undocumented borrowers who have limited options for mainstream financial services. But their abusive litigation tactics grossly undermined this mission and impacted the financial stability of borrowers.

Research shows that collectors often use the court system to involuntarily collect payments from borrowers who are otherwise unable to pay. However, in recent years, Oportun—ostensibly a mission-driven CDFI—became the most prolific filer of legal debt collection cases in small claims court in recent years and through 2020 during the pandemic. Because negative credit histories and related lawsuits are a negative factor when immigrants apply to become US permanent residents or citizens, Oportun’s tactics to pursue relatively small debts in court could have catastrophic impacts on families in the long term.

CRL’s analysis of the top ten most-populous counties in California indicates that Oportun filed at least 23,500 cases in California in 2019 and has filed over 13,000 cases in 2020, for a total of at least 36,500 cases filed over two years.

This finding is consistent with reporting from [ProPublica](#) and [The Guardian](#), outlets that established that the company filed 47,000 suits across Texas over the previous four years, making it the state's most litigious personal loan company; and, that Oportun accounted for at least 15% of small claims filings in California from mid-2017 to mid-2018.

Oportun Sued to Intimidate

Oportun has used the court system to intimidate borrowers, who are mostly Latino, into immediate repayment. Research indicates that even borrowers attempting to repay their debts cannot avoid being sued. Several people reported that they had proposed a repayment plan to Oportun, but that it had been rejected and that Oportun instead chose to pursue them in court. In one complaint filed with CFPB, a California servicemember wrote "They don't want to support me in scheduling affordable monthly payments."

Oportun's cases are almost always filed in small claims courts, where collectors can pursue a maximum amount of \$2,500 in California. Such courts are not legally required to provide interpreters, nor do they permit attorney representation legal counsel according to the state's rules. **This sue-to-intimidate model is predominantly affecting the Latino community**, for whom Spanish is the main spoken language for many and who may experience additional barriers in confronting an English-only legal process.

Although many cases are resolved out of court, Oportun also racks up court wins using default judgments, a type of automatic win that occurs if the consumer never appears in court to defend themselves.

Community Leaders Should Pay Close Attention to Oportun's Practices

In states where Oportun is operating or planning to operate, community leaders should be aware of their history and advocate for strong consumer protections, so that community members are not harmed by financial practices.