Act now! Tell CFPB to Keep Protections from Payday Loan Debt Traps

Overview

In early February 2019, the current Consumer Financial Protection Bureau (CFPB) Director Kathy Kraninger released a proposal to gut the CFPB's 2017 rule aimed at stopping payday and car title loans from trapping people in debt. Director Kraninger's plan would repeal the heart of the 2017 payday rule, which generally requires that lenders determine a borrower's ability to repay a loan before making it.

Background

The 2017 rule was the result of more than five years of extensive CFPB research, analysis, and stakeholder input. For years, faith groups, civil rights organizations, consumer advocates, working families, and others across the country pushed for a rule to protect their communities from the destructive payday lending debt trap. This rule has represented a step forward in protecting the millions of people lenders intentionally trap in 300-plus percent interest loans.

Since leadership of CFPB shifted in late 2017 to Mick Mulvaney, it has been determined to undo this rule. First, Mulvaney urged Congress to repeal the rule, which Congress did not do. Then, the CFPB responded to a lawsuit by payday lenders by joining with them to try to delay the rule indefinitely. This lawsuit has resulted in the compliance date, which was set for August 2019, being suspended. Finally, under Mulvaney's successor Kathy Kraninger, the CFPB issued this proposal to gut the rule.

Supporting the payday predators

Political leadership of the CFPB now claims that the mountains of evidence showing the harms of payday loans was not good enough for the rule to have been issued. At the same time, the new CFPB leadership does not offer any new evidence to support repeal and shows no interest in conducting further research.

The crumbs that are left… for now

The proposal would retain the rule's payment protections, which require payday and other high-cost lenders, after two consecutive failed payment attempts, to obtain the consumer's authorization before debiting the account again, as well as requiring notice of upcoming withdrawals. However, the CFPB signaled it may reconsider and could eliminate even this modest measure.

******Take action to preserve the payday rule******

The payday loan debt trap is devastating. Taking out a payday loan makes a person more likely to lose their car, to delay medical treatment, or to go bankrupt.

Tell the CFPB to keep the payday rule by submitting comments:

- Online: Go to www.bit.ly/paydayruledelay to oppose delay of the rule and http://bit.ly/paydayrulerepeal to oppose repeal (Note: both also accessible via www.regulations.gov)
- Email: 2019-NPRM-PaydayReconsideration@cfpb.gov Include Docket No. CFPB-2019-0006 or RIN 3170-AA80 in the subject line of the message; or by
- Mail/Hand Delivery/Courier: Comment Intake, Bureau of Consumer Financial Protection, 1700 G Street NW, Washington, DC 20552

Comments due by March 18 on proposed delay of the rule and May 15 on proposed repeal of the rule.

For more information, please contact Center for Responsible Lending staff at https://www.responsiblelending.org/contact-us