

MAY 2024 FREE COMPLIANCE NEWSLETTER

CONSUMER REPORTING COMPANIES HAVE AN OBLIGATION TO CORRECT ERRORS

The CFPB put out what appears to be a briefing or press release reminding reporters of credit bureau information to ensure you report fair and accurate credit information to the credit bureaus. We're not sure anything has really changed. Usually when we see guidance like this, it's a friendly reminder and they have had many common violations as of late. I guess take this as a reminder to ensure that you have a strong program in place to report fair and accurate information. You also need to make sure you have procedures in place to ensure you don't re-report wrong information when you find it is inaccurate. After all, the "Fair Credit Reporting Act" literally has reporting in the name. If you want to read their release, you can find it [HERE](#).

Later in the month, the CFPB issued another statement regarding violations of credit reporting accuracy, including for survivors of human trafficking. This all does appear to be in response to examination findings and getting the word out to the industry. Their recent Supervisory Highlights discussed it in more detail [HERE](#).

CFPB RELEASES ANNUAL COMPLAINT REPORT

Every year, the CFPB does a report on complaints received and issues the report to the industry to educate the public on what people are saying. The report summarizes complaints submitted by consumers in 2023. Below is a short bullet list highlighted in the summary. If you want to read the full report, you can find it [HERE](#).

- In credit or consumer reporting complaints, consumers raised issues related to identity theft. Consumers reported not recognizing accounts or credit inquiries on their report. Consumers also ran into many difficulties in addressing these inaccuracies with consumer reporting agencies
- In debt collection complaints, consumers claimed collectors were collecting on loans that the consumer never obtained and resulted from identity theft or fraud.
- In checking or savings account complaints, consumers often complained that funds were taken from their accounts through unauthorized or fraudulent transactions. These transactions often involved peer-to-peer platforms.
- In credit card complaints, consumers complained that accounts were fraudulently opened in their name and, at times, used without their authorization or knowledge.
- In virtual currency complaints, consumers reported being deceived into transferring funds through various scams. One common way users fell victim to scams occurs when imposters posing as representatives of investment firms or financial institutions contact them.
- In prepaid card complaints, consumers complained that they found out that a gift card they had purchased or received had a depleted balance when they attempted to use it for the first time, typically because of unauthorized use.

FDIC CONSUMER COMPLIANCE SUPERVISORY HIGHLIGHTS – MARCH 2024 EDITION

Like with the CFPB above, the FDIC aggregates and provides a high-level overview of consumer compliance issues identified in 2023 through their examination efforts. This edition of the FDIC's Consumer Compliance Supervisory Highlights includes:

- A description of the most frequently cited violations and other consumer compliance examination observations;
- Information on regulatory developments;
- A summary of consumer compliance resources and information available to financial institutions; and
- An overview of consumer complaint trends.

To find the current edition, you can click [HERE](#).

CFPB TAKES ACTION TO STOP ILLEGAL JUNK FEES IN MORTGAGE SERVICING

If you have read our newsletters for some time, the CFPB often talks about “junk fees”. We still haven't figured out exactly what a junk fee is yet, but it seems to be fees that don't provide much or any value in return. Regardless of your political views on this, they have tried to cut down fees in overdraft programs, credit card late fees, and now they are focusing on mortgage fees. You can read the Supervisory Highlights that covers this latest topic [HERE](#), but we listed out the major ones they are discussing below.

- Illegally charging and obscuring fees – this includes prohibited fees for property inspections and late fees that exceeded amounts allowed by mortgage agreements
- Keeping homeowners on the hook for fees during COVID-19
- Missing deadlines to pay property tax and home insurance
- Deceiving homeowners and failing to properly evaluate them for repayment options