

# **Financial Choice Act on U.S. House floor today puts servicemembers in "financial harm's way," threaten's nation's military preparedness**

June 8 2017 11:17 AM



*Report: Debt Collection Abuses Leading Source of Servicemember and Veteran Complaints to CFPB*

Washington, DC – Debt collection abuses were the leading source (32%) of 44,000 servicemember complaints to the Consumer Financial Protection Bureau, according to [a new report](#). Further, legislation on the U.S. House floor today intended to dismantle the CFPB would place servicemembers, veterans and their families in “financial harm’s way,” thereby threatening unit preparedness.

The bill, HR 10, the so-called Financial Choice Act, but more aptly called the “Wrong Choice Act,” rolls back the powers, funding and independence of the CFPB and it also weakens its pioneering Office of Servicemember Affairs. The bill also eliminates many other financial system reforms of the 2010 Dodd-Frank Act enacted after the second-worst financial crisis in the nation’s history.

“This is yet another reminder that servicemembers and Veterans are often targeted by unscrupulous financial services providers, leaving our heroes with mountains of debt and harming military readiness,” said U.S. Senator Tammy Duckworth (D-IL). “The CFPB’s Office of Servicemember Affairs has helped protect those who protect us for years, and now is not the time to rip away vital consumer protections from our servicemembers and Veterans.”

“The CFPB has already taken at least 12 major enforcement actions against financial firms targeting young servicemembers, older veterans and their families,” said Abraham Scarr, Illinois PIRG Director. “Gutting the CFPB puts those who protect us in financial harm’s way. That also threatens unit preparedness and mission capabilities because delinquent debt and bad credit reports are a leading cause of revoked security clearances.”

“The CFPB strengthens and protects servicemembers, veterans and their families. Through enforcement and its ability to provide restitution for servicemembers who have been wronged, the CFPB creates a fairer, more functional financial system they and all consumers can navigate with confidence,” said Joyce Wessel Raezer, Executive Director of the National Military Family Association.

Among the key findings of the Illinois PIRG Education Fund and Frontier Group report [“Protecting Those Who Serve: How the CFPB Safeguards Military Members and Veterans from Abuse in the Financial Marketplace”](#) are the following:

- Debt collection complaints, including illegal threats to contact commanding officers about debts, were the leading source (32%) of 44,000 complaints with military tags published in the CFPB Public Consumer Complaint Database. Complaints about mortgages, credit reporting, and bank accounts were the next leading complaint categories.

- In Illinois, there were 1,085 military complaints.
- The CFPB has also advocated to strengthen consumer protections for servicemembers, including by successfully advocating the Pentagon to close loopholes in the Military Lending Act, which caps interest rates on loans and provides other protections to servicemembers.
- The CFPB has taken at least a dozen enforcement actions directly protecting servicemembers.

o For example, in 2016, the CFPB fined Navy Federal Credit Union \$28 million (\$23 million in restitution and \$5.5 million in civil penalties) for illegal debt collection tactics.

o The CFPB took action against two for-profit colleges – ITT Technical Institute and Corinthian Colleges – both of which had been linked to predatory treatment of servicemembers and veterans. The now-defunct Corinthian was ordered to provide \$480 million in debt relief to defrauded students, including servicemembers.

o In 2015, the CFPB ordered \$3.1 million in restitution from Fort Knox National Company and its subsidiary, Military Assistance Company, which it alleged charged servicemembers millions of dollars in hidden fees.

o In 2013, the CFPB ordered high-cost small dollar lender Cash America to pay up to \$14 million in restitution and a \$5 million penalty for violations of the Military Lending Act.

o The CFPB provides valuable resources through its Office of Servicemember Affairs, which works full time to help members of the military, veterans and their families avoid bad deals, and find restitution when they are wronged.

"Predatory lenders cluster their storefronts around military bases, putting their operations in the path of servicemembers and their families," said Gideon Weissman of Frontier Group, a report co-author. "Not surprisingly, complaints to the CFPB cluster around the bases as well."

The report also includes excerpts from servicemember complaint narratives. Since the database began accepting these optional narrative stories, about half of complaints include them:

One consumer complaint, submitted from the area of Akron, Ohio, in August 2015, stated that USA Discounters "added on a warranty and something called debt cancellation program totaling over \$1,500. No one explained what the warranty was for or what the debt cancelation was or why I needed it." Later, when the active duty servicemember struggled to make their payments, the consumer wrote "they have been

calling me 2 to 3 times a day hounding me and harassing me for my late payments.” In addition, “they threatened to contact my chain of command.”

In conclusion, Scarr noted that “The so-called Financial Choice Act is the wrong choice for military families and all consumers because it takes away the CFPB’s tools to protect us, allowing financial predators to run amok.”

The report can be accessed here: <http://illinoispirgedfund.org/reports/ilf/protecting-those-who-serve>