

Contact us **(855) 411-2372**

Search

[HOME](#) [INSIDE THE CFPB](#) [GET ASSISTANCE](#) [PARTICIPATE](#) [LAW & REGULATION](#) [SUBMIT A COMPLAINT](#)[HOME](#) > [BLOG](#) > WHAT MILITARY FAMILIES SHOULD KNOW ABOUT PAYDAY LOANS

NOV 6 2013



What military families should know about payday loans

BY [HOLLY PETRAEUS](#)

Starting today, you can [submit payday complaints to us](#). So this seems a good time to remind you that if you are a servicemember on active duty you, your spouse, and certain dependents have the protection of a special law called the Military Lending Act (MLA). The [MLA says](#) that you can't be charged an annual percentage rate higher than 36 percent on certain types of consumer loans, and that includes [certain payday loans](#) as well as auto title loans and tax-refund anticipation loans.

[So what exactly is a payday loan?](#) It tends to be a short-term, usually high-cost, cash advance where you pay a fee to borrow money (for example, a \$15 fee for every \$100 borrowed) and you are expected to pay it back in a short time, usually a couple of weeks. People often tell us that the MLA cap of 36 percent seems like a pretty high limit – but what they don't realize is that the [average annual percentage rate on a payday loan](#) like the one above is 390 percent! And if you roll over the loan repeatedly because you can't pay it off like you hoped you could, then the cost can skyrocket over time. We've seen examples of payday loan borrowers who end up paying far more in fees than the amount they originally borrowed. In some cases they could have gone to one of the military relief societies, if it was an emergency, and gotten a loan at zero percent interest. Yes, zero – [no fee at all](#).

So, the good news is that the MLA provides you protections that the average citizen doesn't have when it comes to payday loans. And the CFPB is one of several federal agencies that have the power to enforce the MLA. But your complaints are key to helping us enforce it and other consumer financial laws.

You can submit a payday [complaint](#) online or by calling (855) 411-2372. Don't forget to tell us you're "military" when asked!

Complaints help us spot trends. Submitting a complaint helps us see patterns, focus our resources, and identify the worst actors – so your complaint can make a difference!

[0 COMMENTS](#) | CATEGORIES: [COMPLAINTS](#) | [MILITARY](#) | [PAYDAY LOANS](#) | [SERVICEMEMBERS](#)

The CFPB blog aims to facilitate conversations about our work. We want your comments to drive this conversation. Please be courteous, constructive, and on-topic. To help make the conversation productive, we encourage you to read our [comment policy](#) before posting. Comments on any post remain open for seven days from the date it was posted.



[Privacy policy and legal notices](#)

[Accessibility](#)

[Plain writing](#)

[No FEAR Act](#)

[FOIA](#)

[USA.gov](#)

[Office of Inspector General](#)

[Ombudsman](#)



Visite nuestro sitio web en español

ESPAÑOL

[Contact us](#)

[Newsroom](#)

[Jobs](#)

[Open government](#)