
Banking and Finance Law Daily Wrap Up
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By Jacob Bielanski

The latest report comes as the Bureau postponed roughly half of its scheduled examinations to focus on coronavirus-related consumer issues in the wake of the CARES Act and other national responses to the pandemic.

The Consumer Financial Protection Bureau has released a "special edition" of its Winter Supervisory Highlights, focusing on prioritized assessments (PA) developed in light of the impact of the COVID-19 pandemic. "PAs were higher-level inquiries than traditional examinations," report authors wrote. "They were designed to obtain real-time information from a broad group of supervised entities that operate in markets posing elevated risk of consumer harm due to pandemic-related issues."

In the wake of the Coronavirus Aid, Relief and Economic Security (CARES) Act, the CFPB found a number of heightened risks to consumers. Overall, the Bureau identified issues with backlogs of CARES accommodation requests, inaccurate credit reporting, inaccurate information provided to consumers, and failures to comply with various disclosure requirements in a timely manner. According to the report, "many" cases were the result of "staffing shortages or inaccurate training materials."

A number of these consumer risks related to mortgages and student loans. Mortgage forbearance provided under the CARES Act resulted in instances where borrowers were enrolled in a forbearance agreement without their consent, as well as borrowers enrolled in a forbearance being assessed late fees, collection notices, and other erroneous actions related to payment.

The report detailed a wide range of issues with student loan processing. Examples include: the enrollment of some student-loan borrowers in CARES Act programs—without discussing or exploring alternative options for the borrowers; servicers providing inaccurate information; servicers failing to maintain regular call center hours; and even some servicers who did not respond at all to borrowers’ forbearance requests.

The report also explores issues relating to credit cards, auto loans, debt collection, small business lending, credit reporting, prepaid accounts, and deposits.

The CFPB routinely publishes Winter and Summer Supervisory Highlights publications. The latest "special edition" comes after the CFPB postponed "about half" of its regularly scheduled supervisory work due to pandemic concerns. The remaining PAs were intended to target consumer issues specifically related to the pandemic.

Regulatory Activity: CFPB Consumer Credit Covid19 Debt Collection Loans Mortgages