

Consumer Financial Protection Bureau Settles with Cash Tyme

Payday Lender Failed to Prevent Overcharges, Made Harassing Collection Calls to Borrowers' References, Must Pay \$100,000 Fine

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Washington, D.C. — The Consumer Financial Protection Bureau (Bureau) today announced a settlement with Cash Tyme, a payday retail lender with outlets in Alabama, Florida, Indiana, Kentucky, Louisiana, Mississippi, and Tennessee. Cash Tyme is the operating name for CMM, LLC, and its wholly owned subsidiaries in those states.

According to the consent order, the Bureau found that Cash Tyme violated the Consumer Financial Protection Act of 2010 by:

- Failing to take adequate steps to prevent unauthorized charges;
- Failing to promptly monitor, identify, correct, and refund overpayments by consumers;
- Making collection calls to third parties named as references on borrowers' loan applications that disclosed or risked disclosing the debts to those third parties, including to borrowers' places of employment as well as to third parties who were themselves harassed by such calls;
- Misrepresenting that it collected third-party references from borrowers on loan applications for verification purposes, when in fact it was using that information to make marketing calls to the references; and
- Advertising unavailable services, including check cashing, phone reconnections, and home telephone connections, on the storefronts' outdoor signage where such advertisements contained information that was likely to be deemed important by consumers and likely to affect their conduct or decision regarding visiting a Cash Tyme store.

Also, the Bureau found that Cash Tyme violated the Gramm-Leach-Bliley Act and Regulation P by failing to provide initial privacy notices to borrowers. The Bureau also found that Cash Tyme violated the Truth in Lending Act and Regulation Z when it failed to include a payday loan fee charged to Kentucky customers in the annual percentage rate (APR) in loan contracts and advertisements, and rounded APRs to whole numbers in advertisements; and when it published advertisements that included an example APR and payment amount that was based on an example term of repayment, without disclosing the corresponding repayment terms it had used to calculate that APR.

Under the terms of the consent order, Cash Tyme must, among other provisions, pay a civil money penalty of \$100,000.

The consent order is available

at: https://www.consumerfinance.gov/documents/7239/cfpb_cash-tyme-consent-order_2019-02.pdf

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