

# Senate Rolls Back Arbitration Rule, Hands Victory to Financial Abusers

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**Rescinding CFPB arbitration rule denies Americans the freedom to seek justice through our court system.**

WASHINGTON, D.C. – This evening, the U.S. Senate passed a bill that would repeal the independent Consumer Financial Protection Bureau’s (CFPB) rule on forced arbitration. The CFPB rule prohibits consumer contracts from denying Americans the right to band together in a lawsuit against a company for misconduct. The measure passed only with the Vice President’s tie-breaking vote and only under the special fast-track procedure known as the Congressional Review Act (CRA). If the President signs the CRA resolution on forced arbitration, it will not only rescind the CFPB rule but also prohibit any federal agency — like the CFPB — from issuing future rules to protect consumers from this rip-off clause.

**Center for Responsible Lending (CRL) Senior Policy Counsel Melissa Stegman** released the following statement:

Senators who voted in favor of this resolution just handed a gift to bad financial actors. Companies, like Wells Fargo and Equifax, frequently bury forced arbitration clauses in the fine print of agreements, giving them the ability to cheat consumers with impunity. These rip-off clauses deny Americans the freedom to seek justice through our court system – a right embodied by the Constitution's Seventh Amendment.

The clauses instead force consumers into an arbitration process rigged against them – secretive, without the right of appeal, and often with the arbitrator relying on the company for repeat business. Because companies can pick people off one-by-one in a process that is frequently time-consuming, expensive, and difficult for the individual, their systemic misconduct can continue for years.

Congress's decision to rescind this important consumer protection will leave older Americans, vulnerable consumers, and military families at risk of being taken advantage of by predatory companies. We urge the President to veto this legislation and work with Congress to strengthen our consumer protection laws.

For more information, or to arrange an interview with a CRL spokesperson on this issue, please contact Matthew Kravitz at [matthew.kravitz@responsiblelending.org](mailto:matthew.kravitz@responsiblelending.org) or 202-349-1859.