

[Banking and Finance Law Daily Wrap Up, ENFORCEMENT ACTIONS— CFPB alleges illegal fees, deceptive practices in suit against national credit repair company, \(May 3, 2019\)](#)

Banking and Finance Law Daily Wrap Up

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By Jacob Bielanski

The owners of CreditRepair.com and a Utah-based law firm misled consumers about its products and illegally collected fees for credit repair services, according to a lawsuit filed by the Bureau.

The Consumer Financial Protection Bureau filed a five-count [complaint](#) May 2 in the U.S. District Court for the District of Utah against PGX Holdings, Inc., the owners of, among others, CreditRepair.com Inc., and John C. Heath, Attorney At Law, PLLC d/b/a Lexington Law over what it says were "deceptive acts and practices" in violation of the Consumer Financial Protection Act and the 1991 Telemarketing and Consumer Fraud and Abuse Prevention Act.

The Bureau [claims](#) that PGX Holdings Inc., through its subsidiaries, unlawfully helped a network of sales affiliates mislead consumers about the services it could provide. As an example, the complaint said affiliates advertised they could guarantee customers "a 0-3.5% Down Home Loan no matter how bad" the customer's credit score was "at start," and required the customers to sign up for services with Lexington Law that did not include home loans.

Lexington Law then illegally charged upfront and monthly fees for those services, a violation of 16 CFR § 310.4, also known as the Telemarketing Sales Rule (TSR), according to the complaint. TSR requires that companies advertising credit repair service collect fees only six months after beginning efforts, and only after the original credit repair claims have been substantiated.

While the filing noted that PGX "conducts most of Lexington Law's core business operations" through proprietary credit repair software platforms, affiliate sales, marketing and ownership of CreditRepair.com, the law firm met the legal definition of a business that "offers or provides a consumer financial product or service" through its agreements with PGX for the law firm to field consumer complaints, as well as allowing PGX to use the Lexington Law name to market its services as "legal" and Heath PLLC's marketing as a law firm for personal financial services.

Injunction sought. In its filing, the CFPB sought injunctions to stop the defendants from engaging in the alleged practices, as well as monetary awards for consumers harmed by those practices, reimbursement for the Bureau's costs in bringing the lawsuit, civil penalties, the rescission or reformation of contracts and additional awards or injunctions "as the Court may determine to be just and proper."

Additional defendants named in the complaint were Progrexion Marketing Inc., Progrexion Teleservices Inc., CreditRepair.com Inc., and EFolks LLC, all owned by PGX.

Companies: CreditRepair.com Inc.; EFolks LLC; Lexington Law; PGX Holdings, Inc.; Progrexion Marketing Inc.; Progrexion Teleservices Inc.

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