

Consumer Financial Protection Bureau Settles with Short-term Lenders for Engaging in Unfair and Deceptive Acts and Practices

JUN 02, 2020

WASHINGTON, D.C. — Today the Consumer Financial Protection Bureau (Bureau) announced a settlement with Main Street Personal Finance, Inc. and its subsidiaries—ACAC, Inc., which conducts business under the name Approved Cash Advance, and Quik Lend, Inc.— (collectively, Approved Cash). The companies, which are based in Cleveland, Tennessee, offer payday and auto-title loans and own and operate about 156 stores in eight different states: Alabama, Louisiana, Michigan, Mississippi, Oklahoma, South Carolina, Tennessee, and Virginia. The Bureau found that Approved Cash provided deceptive finance charge disclosures in violation of the Consumer Financial Protection Act (CFPA) and the Truth in Lending Act (TILA), violated the CFPA and TILA by failing to refund overpayments on its loans, and violated the CFPA by engaging in unfair debt collection practices. The consent order prohibits Approved Cash from engaging in this unlawful conduct in the future and requires it to pay consumer redress and a civil money penalty.

Specifically, the Bureau found that Approved Cash violated the CFPA’s prohibition against engaging in deceptive acts or practices and TILA by concealing and understating the actual finance charges of its auto-title loans, which are called auto-title pledge transactions under Mississippi state law, for over 4,000 consumers. Consumers paid a total of over \$3.5 million more than the finance charge listed in Approved Cash’s loan disclosures. The Bureau also found that Approved Cash violated the CFPA’s prohibition against unfair acts or practices and TILA by retaining consumers’ overpayments on their loans for months and sometimes years instead of returning those funds to consumers. The Bureau also found that Approved Cash engaged in unfair debt collection practices in violation of the CFPA when it made numerous calls to consumers’ workplaces, references, and other third parties after being asked to stop, and improperly disclosed consumers’ debts to third parties or used tactics that risked such disclosure.

The consent order imposes a judgment against Approved Cash of approximately \$3.5 million in consumer redress, which amount is suspended upon its payment of \$2 million of that judgment and \$1 civil money penalty to the Bureau based on Approved Cash’s demonstrated inability to pay. Whenever the Bureau collects a civil money penalty through an enforcement action, that penalty is deposited into the Bureau’s Civil Penalty Fund. Assuming continued available funds, the Bureau will work to provide full relief to eligible harmed consumers from this fund. The consent order also prohibits Approved Cash from misrepresenting finance charges in its auto-title pledge transactions, requires it to ensure that consumers with credit balances over \$1 are refunded timely, and prohibits it from engaging in the same unlawful debt collections practices.

The consent order issued against Approved Cash is available at:

https://files.consumerfinance.gov/f/documents/cfpb_main-street-et-al_consent-order_2020-06.pdf

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