

CFPB Takes Action Against Moneytree for Deceptive Advertising and Collection Practices

Bureau Orders Financial Services Company to Pay \$255,000 to Consumers

DEC 16, 2016

Washington, D.C. – Today the Consumer Financial Protection Bureau (CFPB) took action against Moneytree, Inc., a financial services company that offers payday loans and check-cashing services, for misleading consumers with deceptive online advertisements and collections letters. The company also made unauthorized electronic transfers from consumers' bank accounts. The CFPB has ordered the company to cease its illegal conduct, provide \$255,000 in refunds to consumers, and pay a civil penalty of \$250,000.

"Consumers deserve honesty and transparency from the financial institutions they rely on," said CFPB Director Richard Cordray. "Moneytree's practices meant consumers were making decisions based on false and deceptive information, and today's action will give the company's customers the redress they are owed."

Moneytree, Inc., is a financial services company based in Seattle, Wash. It offers payday loans, check-cashing, and other services to consumers. The CFPB has conducted multiple supervisory examinations of Moneytree's lending, marketing, and collections activities and has identified significant weaknesses in the company's compliance-management system in each of them. The CFPB found in today's order that the company had failed to address those weaknesses and deceived consumers about the price of check-cashing services, made false threats of vehicle repossession when collecting overdue unsecured loans, and withdrew funds from consumers' accounts without written authorization. Specifically, the CFPB found that Moneytree:

- **Used deceptive online ads:** In early 2015, Moneytree ran advertisements online offering to cash consumers' tax refund checks for "1.99." The actual fee for the service was 1.99 percent of the amount of the check cashed, rather than \$1.99, as the company's advertisements implied. Consumers were required to visit one of Moneytree's physical branches to take advantage of the advertisement's offer, which appeared online tens of thousands of times.
- **Deceptively told consumers their vehicles could be repossessed:** From late 2014 through early 2015, Moneytree mailed letters to hundreds of consumers indicating that their vehicles could be repossessed if they did not make past-due payments on their installment loans. But none of these consumers had loans secured by their vehicles, and Moneytree had no right or ability to repossess them.
- **Withdrew money from consumers' accounts without authorization:** Moneytree failed, in over 700 instances, to obtain preauthorization from consumers for withdrawals from their bank accounts, in violation of federal law.

Enforcement Action

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the CFPB has authority to take action against institutions or individuals engaging in unfair, deceptive, or abusive acts or practices or that otherwise violate federal consumer financial laws. Under the terms of the CFPB order released today, Moneytree is required to:

- **Pay \$255,000 in redress to victims:** The company will pay a total of about \$255,000 to consumers who paid more than Moneytree advertised for its check-cashing service; who received one or more of its deceptive collection letters; or whose financial

institutions charged them fees when Moneytree withdrew electronic fund payments without proper authorization.

- **Cease its illegal practices:** Moneytree must end its deceptive practices and obtain authorization for any electronic-fund transfers.
- **Pay a civil penalty of \$250,000:** Moneytree will pay \$250,000 to the CFPB's Civil Penalty Fund.

The full text of today's order is available at:

http://files.consumerfinance.gov/f/documents/201612_cfpb_Moneytree-consentorder.pdf



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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.

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