CORTEZ MASTO COMMENDS CFPB FOR IMPLEMENTING RULES PROHIBITING MANDATORY ARBITRATION CLAUSES

Washington, D.C. – U.S. Senator Catherine Cortez Masto (D-Nev.) released the following statement after the Consumer Financial Protection Bureau (CFPB) announced its intention to implement new rules that will prohibit mandatory arbitration clauses preventing consumers from seeking justice:

“For far too long, mandatory arbitration clauses have allowed financial services companies to engage in duplicitous and harmful practices, all while avoiding legal action from their victims. This new rule will give consumers their right to seek relief and have their day in court. I commend the CFPB for correcting this flawed practice and for their continued efforts to keep unscrupulous financial services companies accountable. I also thank them for their steadfast commitment in protecting Nevadans from unjust and predatory behaviors.”

Contracts signed by consumers when signing up for bank accounts or credit cards often contain clauses that prevent them from seeking legal action against financial services companies for any wrongdoing. According to the CFPB, the new rule will allow groups of consumers to obtain relief when companies skirt the law; incentivize companies to comply with the law to avoid group lawsuits; and make the individual arbitration process more transparent by requiring companies that use arbitration clauses to submit any claims filed and awards issued in arbitration to the CFPB.
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