

[Banking and Finance Law Daily Wrap Up, UNFAIR DECEPTIVE ABUSIVE ACTS OR PRACTICES—FTC warns company about ostensibly misleading financial aid assistance claims, \(Nov. 17, 2020\)](#)

Banking and Finance Law Daily

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By [Charles A. Menke, J.D.](#)

A warning letter advised the company that it could potentially be misleading consumers about access to a CARES Act relief program.

The Federal Trade Commission has sent a [warning letter](#) to TAPD, Inc., doing business as Frank Financial Aid, notifying the company that it may be unlawfully misleading consumers regarding temporary coronavirus relief available to postsecondary students, as well as the terms of a cash advance product, the agency [announced](#). The FTC advised the company could be violating the Federal Trade Commission Act (15 USC § 45), the Truth in Lending Act (15 USC § 1601 *et seq.*), and TILA's implementing regulation, Reg. Z (12 CFR § 1026).

According to the letter, the company, which markets financial aid prep assistance to post-secondary students, claims on its website that it provides students everything needed to apply for emergency grants available under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and that there are four identified eligibility criteria for the emergency relief. However, the company's "purported assistance to students consists primarily of providing a form letter that may lack the information a student would need to apply for one of the grants from his or her school." The letter further noted that "[t]he "CARES Act program for students is administered by individual colleges and universities, and each has its own unique application process and grant eligibility criteria."

The letter also warned the company about its cash advance offer, which states that consumers who receive a cash advance can pay it back when their "financial aid comes in" without any interest or fees. The FTC pointed out, however, that the company's terms appear to require repayment of the advance within 61 days, regardless of whether the student received any financial aid, together with a \$19.90 monthly fee charged by the company.

The FTC advised the company to take prompt action to ensure that all deceptive or unlawful claims are removed from its website or otherwise corrected, and to provide any other required disclosures. The letter further instructed the company to notify the FTC by November 17 regarding the specific actions it has taken to address the agency's concerns.

Companies: TAPD, Inc., dba Frank Financial Aid

RegulatoryActivity: ConsumerCredit Covid19 GCNNews Loans TruthInLending UDAAP