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House Republicans Introduce Resolution to Stop CFPB's Anti-Consumer Law

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Today, Republicans on the House Financial Services Committee introduced a resolution of disapproval to nullify a controversial rule published by the Consumer Financial Protection Bureau (CFPB) that benefits class action trial attorneys at the expense of consumers.

H.J. Res 111, sponsored by Rep. Keith Rothfus (R-PA), uses Congressional Review Act (CRA) authority to repeal this harmful rule and prevent the Bureau from issuing any similar rule relating to arbitration.

“As a matter of principle, policy, and process, this anti-consumer rule should be thoroughly rejected by Congress, and I applaud Congressman Rothfus for leading the effort in the House to do just that,” said House Financial Services Committee Chairman Jeb Hensarling (R-TX). “In the last election, the American people voted to drain the D.C. swamp of capricious, unaccountable bureaucrats who wish to control their lives. I can think of no better example of such bureaucrats than those at the CFPB. This CRA is a critical step towards fulfilling our promise to the American people and truly protecting consumers.”

The anti-arbitration rule, which was formally noticed in the Federal Register this week, requires companies that choose arbitration to absorb both the additional costs of arbitration and the huge litigation costs of class actions, forcing companies to decline to take on the optional cost (arbitration) and relegate all disputes to the judicial system.

Even the CFPB’s own study shows that consumers who use arbitration actually gain more favorable outcomes than those who hire trial lawyers for class action lawsuits. The average payout for consumers in a class action is \$32, while the average trial lawyer receives nearly \$1 million. Making consumers pay more for less is the exact opposite of “consumer protection.”

“The CFPB’s anti-arbitration rule hurts consumers and it’s another example of the problems caused by this rogue and unaccountable agency. We know that consumers get better results through arbitration than through class action lawsuits. Despite the fact that the agency acknowledged this fact in one of its own reports, the bureaucrats at the CFPB have decided they know better. The CFPB’s rule eliminates this effective process for consumers, and will punish consumers with decreased access to financial products, increased costs for such products, or both,” said Rothfus.

The resolution is cosponsored by all 34 Republican Members of the Financial Services Committee and mirrors a resolution expected to be introduced in the Senate this week.