

Senators File Resolution Disapproving of CFPB Arbitration Rule

July 20, 2017

WASHINGTON, D.C. – Today, U.S. Senate Committee on Banking, Housing and Urban Affairs Chairman Mike Crapo (R-Idaho) and Republican colleagues will file a Congressional Review Act (CRA) Joint Resolution of Disapproval in the Senate against the Consumer Financial Protection Bureau's (CFPB) arbitration rule.

"Members of Congress previously expressed concerns with the proposed version of the rulemaking – concerns that were not addressed in the final rule," said **Chairman Crapo**. "The rule is based on a flawed study that leading scholars have criticized as biased and inadequate, noting that it could leave consumers worse off by removing access to an important dispute resolution tool. By ignoring requests from Congress to reexamine the rule and develop alternatives between the status quo and effectively eliminating arbitration, the CFPB has once again proven a lack of accountability. Given the problems with the study and the Bureau's failure to address significant concerns, it is not only appropriate but incumbent on Congress to vote to overturn this rule."

"While I appreciate the need for strong consumer protections, this rule does not strike the right balance in helping consumers resolve disputes," said **Senator Corker**.

"There's no need for this anti-arbitration, anti-business rule," said **Senator Cotton**. "Today, we're taking action to rein in this rogue agency. We should be encouraging job creation and lowering consumer costs, not stifling economic growth with needless, endless litigation."

"It makes no sense for the CFPB to issue a regulation that discourages arbitration, which has been used as a cost-effective method to resolve disputes," said **Senator Perdue**. "There's only one group that will benefit from this rule and that's trial lawyers, not consumers. I applaud Chairman Crapo for putting consumers first and taking action to eliminate this rule."

"The arbitration agreements rule is yet another example of the CFPB overstepping its authority to impose burdensome, unnecessary regulations that do more harm than good," said **Senator Rounds**. "If finalized, this rule would actually cost consumers more in the long run by pushing consumers into class action lawsuits as opposed to arbitration. According to the CFPB's own studies, consumers receive, on average, \$32 in relief through class action lawsuits compared to \$5,389 in arbitration. Additionally, the Office of the Comptroller of the Currency has said that this rule could increase the risk of litigation so much that it could adversely affect the safety and soundness of the banking system – the cost of which will ultimately be handed down to consumers."

"Congress, not King Richard Cordray, writes the laws," said **Senator Sasse**. "This resolution is a good place for Congress to start reining in one of Washington's most powerful bureaucracies."

"Setting aside the looming questions surrounding the constitutionality, this CFPB rule is a boon to trial attorneys at the expense of American consumers," said **Senator Tillis**. "The

American people decided this past election that they were fed-up with decisions being made by unelected Washington bureaucrats, and I hope that my colleagues will stand up to this abuse of power by supporting this rule's rejection under the Congressional Review Act.”

“The CFPB’s ill-conceived rule is yet another government-sponsored bonanza for trial lawyers at the expense of consumers seeking a speedy and fair resolution of their disputes,” said **Senator Toomey**. “This rule is based on a political study that 86 members of Congress warned was ‘not fair, transparent, or comprehensive.’ Rather than reexamine its defective study, the CFPB has chosen to forge ahead with a flawed rule. Congress must now exercise its authority to block it.”

The Congressional Review Act permits Congress to overturn an agency rule within 60 legislative days after an agency has submitted the rule to Congress, with a simple majority vote.

Original co-sponsors of the measure include Senators John Barrasso (R-Wyoming), Roy Blunt (R-Missouri), Shelley Moore Capito (R-West Virginia), Thad Cochran (R-Mississippi), Bob Corker (R-Tennessee), Tom Cotton (R-Arkansas), Ted Cruz (R-Texas), Mike Enzi (R-Wyoming), Orrin Hatch (R-Utah), Dean Heller (R-Nevada), Johnny Isakson (R-Georgia), James Lankford (R-Oklahoma), Jerry Moran (R-Kansas), David Perdue (R-Georgia), Mike Rounds (R-South Dakota), Marco Rubio (R-Florida), Ben Sasse (R-Nebraska), Tim Scott (R-South Carolina), Richard Shelby (R-Alabama), Luther Strange (R-Alabama), Thom Tillis (R-North Carolina), Patrick Toomey (R-Pennsylvania) and Roger Wicker (R-Mississippi).

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