

Banking and Finance Law Daily Wrap Up, ENFORCEMENT ACTIONS—New York AG sues rent-to-own business Acima for deceptive practices, (Aug. 15, 2024)

Banking and Finance Law Daily Wrap Up

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

The lawsuit alleges the companies overcharged and misled consumers on the costs of financing.

New York Attorney General Leticia James announced her office has sued Acima Digital, LLC and Acima Holdings, LLC, (collectively Acima) alleging the companies deceived more than 100,000 New York consumers in connection with retail purchase agreements (RPAs) for consumer merchandise. The [complaint](#), filed in Supreme Court of the State of New York, alleges violations of New York's rent-to-own law, as well as violations of the state's Executive Law, General Business Law, General Obligations Law, and Penal Law. The New York AG's action seeks to discontinue Acima's practices, obtain civil penalties, and collect restitution for affected consumers.

"Acima took advantage of thousands of consumers who were simply trying to shop for basic goods, like mattresses, eyeglasses, and appliances," James said in the [release](#) announcing the filing of the complaint. "Thousands of New Yorkers were overcharged by Acima and fooled by Acima's deceptive lending practices."

Alleged misconduct, violations. According to the complaint, Acima partnered with furniture, jewelry, glasses, and auto repair shops throughout the state. "When consumers pick out the merchandise they want from a retailer, Acima 'buys' it from the retailer (without actually taking physical possession) and then 'leases' or 'rents' it to the consumer on a periodic basis (e.g., weekly, bi-weekly)," the complaint alleges. "After making 'periodic payments' for 12 months, the consumer 'owns' the merchandise." The state of New York contends that Acima fails to follow the state's rent-to-own law but, instead, "behaves like a lender by advancing funds to consumers" with the RPAs governing the transactions actually being usurious loans.

The 56-page complaint cites numerous violations on the part of Acima, including allegations that Acima:

- failed to comply with electronic signature laws thereby rendering the RPAs invalid;
- misrepresented the cost of financing and violated statutory price caps;
- failed to disclose prices;
- leased services in violation of the rent-to-own law;
- failed to name the retailer on the RPAs;
- failed to train retailers and incentivized them to deceive consumers;
- debited consumers' accounts without authorization;
- misrepresented the effect on consumers' credit scores in applying for credit;
- assisted retailers in charging deceptive down payments;
- charged consumers for merchandise that was damaged or never delivered;
- refused to repair merchandise despite having a legal and contractual obligation to do so;
- fabricated processing delays that frustrated consumers and increased fees;
- misled consumers about returns and obstructed their right to terminate the agreements;
- made false threats to consumers having difficulty in making payments; and
- misrepresented that the transactions did not create debt.

Requested relief. The complaint requests that a permanent injunction be entered against Acima and that its rental purchase agreements with New York consumers be declared void. The complaint also asks that the court order Acima to:

- provide restitution and damages to injured consumers;
- provide an accounting for all New York consumers;
- disgorge all profits; and
- pay a civil penalty of \$5,000 for each violation of the General Business Law and \$1,000 civil penalty for each violation of the ren-to-own law.

CFPB action. Last month, the Consumer Financial Protection Bureau instituted an enforcement action against Acima alleging illegal lending activities in connection with as many as five million consumer financing agreements, contending the companies used deceptive digital dark patterns to obscure key terms in agreements marketed as “virtual rent to own” contracts (see [Banking and Finance Law Daily](#), July 29, 2024).

Companies: Acima Digital, LLC; Acima Holdings, LLC

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