CFPB to distribute over $191 million to consumers harmed by Tempoe

English

Español (cfpb.gov/about-us/blog/cfpb-distribuira-191-millones-a-perjudicados-por-tempoe/

OCT 28, 2024

This month, over 250,000 consumers harmed by leasing company Tempoe, LLC, will begin receiving refund checks in the mail. Tempoe offered point-of-sale financing at major retailers, including Sears and Kmart. The CFPB took action against the company for tricking customers into expensive leasing agreements by hiding the contract terms and costs. Tempoe's practices left hundreds of thousands of customers on the hook to pay for merchandise they couldn't afford or return. Tempoe generated approximately $192 million in revenues from about 325,000 consumers from its unlawful conduct.

As a result of the CFPB's enforcement action, Tempoe was permanently banned from offering consumer leases. They were also required to close any existing lease agreements and release customers from making any further payments on their leased merchandise.

Tempoe was also required to pay into the CFPB's victims relief fund. The CFPB will distribute more than $191.9 million from the victims relief fund in total payments to harmed consumers.

If you have questions about receiving a refund, email info@cfpb-tempoe.org.

Learn more about the distribution (http://cfpb.gov/payments/Tempoe)

Action against Tempoe

Tempoe, LLC, is an Ohio-based nonbank consumer finance company that offered lease purchase agreements to consumers nationwide. Between 2015 and 2022, Tempoe entered into over 1.8 million financial agreements with consumers.

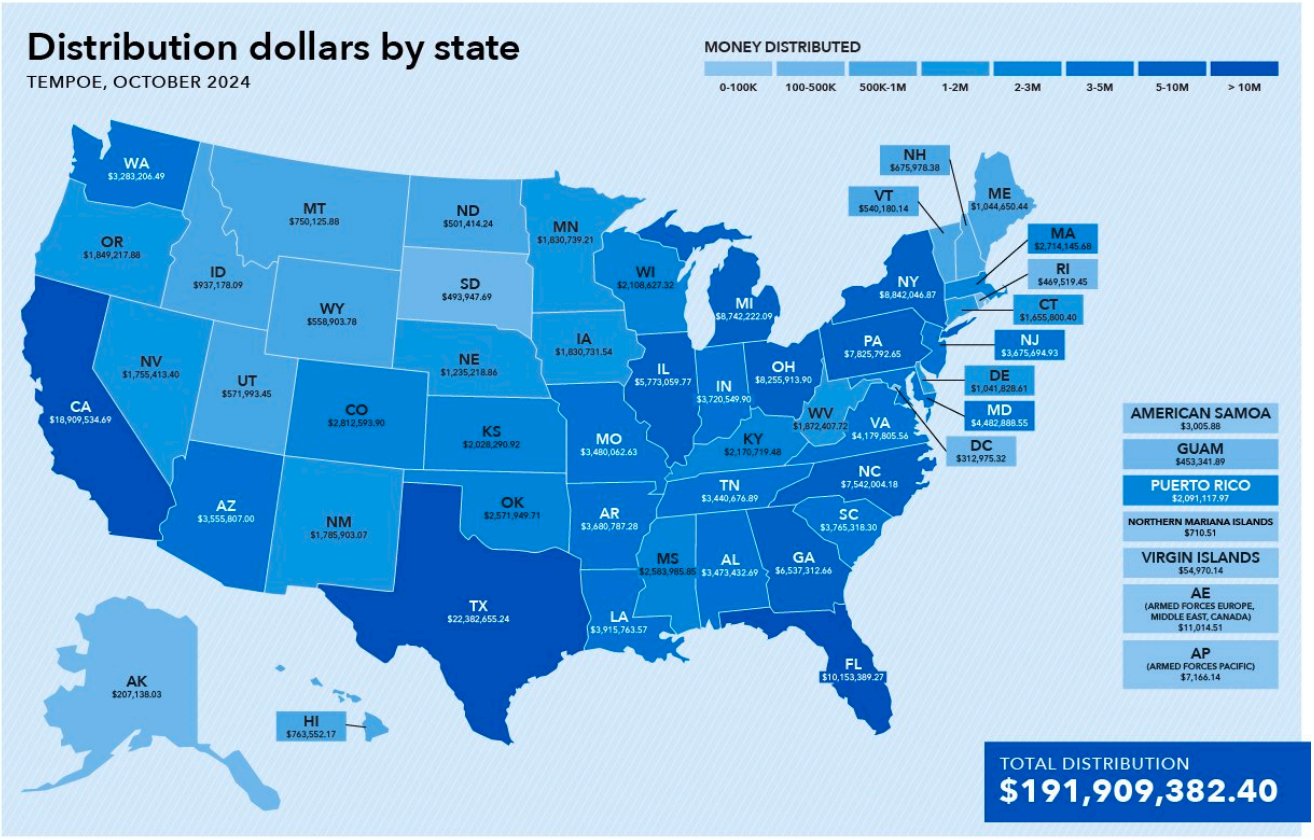
Tempoe purchased personal property and services from retailers and then leased them to consumers. They would pay retailers for the item, charge the consumer an initial payment at the point of sale, and then charge additional payments on a bi-weekly or monthly basis.

Typically, consumers were offered Tempoe's product after applying and being rejected for conventional financing when trying to make a purchase at a retailer. Consumers made periodic payments for an initial term of five months, after which they had to decide whether to purchase the items with a large additional payment or return the property and receive nothing in return. Consumers were offered leases for items such as auto parts, large home appliances, furniture, toys, and jewelry.

The CFPB found that Tempoe:

- **Concealed the terms of its lease agreements:** Some consumers did not receive a copy of their lease agreement until after the transaction, while others never received a copy and instead relied on oral descriptions from employees inside the retailers. Tempoe encouraged employees to avoid calling the product a "lease." Some consumers discovered only at the conclusion of their initial term that they did not own their items and were required to pay significantly more.
- **Trapped consumers with unreasonable return practices:** Consumers who wanted to cancel their lease agreement with Tempoe after the first 30 days, but within the initial five-month term, were required to return the product to Tempoe. However, Tempoe did not accept returns of many items, including property costing less than about $300. Consumers were, therefore, forced to exercise the "purchase option" on the lease, paying far higher than the original price.
- **Failed to provide legally required disclosures:** Most Tempoe lease agreements provide that unless consumers returned an item or exercised a purchase option after the initial five-month term, Tempoe would continue monthly auto-debiting the consumer for the full term of the contract, which was typically 18 or 36 months. Tempoe did not provide disclosures required under the Consumer Leasing Act and its implementing regulation, Regulation M, to consumers who continued this month-to-month leasing for more than six months.

Learn more about the case (cfpb.gov/about-us/newsroom/cfpb-orders-leasing-company-tempoe-to-provide-36-million-in-penalties-and-relief-for-tricking-consumers-and-hiding-contract-terms/)



View full image (https://files.consumerfinance.gov/f/images/cfpb_vcd-by-state-tempoe-hires_2024-10.original.jpg)

Topics

- ENFORCEMENT (CFPB.GOV/ABOUT-US/BLOG/?TOPICS=ENFORCEMENT)

FURTHER READING

Blog

The CFPB is working to reinforce the foundation of a fair, nondiscriminatory and competitive mortgage market (cfpb.gov/about-us/blog/the-cfpb-is-working-to-reinforce-the-foundation-of-a-fair-nondiscriminatory-and-competitive-mortgage-market/)

JUN 28, 2024

What's ahead for Bank of America and its customers (cfpb.gov/about-us/blog/whats-ahead-for-bank-of-america-and-its-customers/)

CFPB to distribute nearly $6 million to consumers harmed by predatory loans to veterans (cfpb.gov/about-us/blog/cfpb-to-distribute-nearly-6-million-to-consumers-harmed-by-predatory-loans-to-veterans/)

JAN 02, 2024

JUL 19, 2023

Newsroom

CFPB Orders Apple and Goldman Sachs to Pay Over $89 Million for Apple Card Failures (cfpb.gov/about-us/newsroom/cfpb-orders-apple-and-goldman-sachs-to-pay-over-89-million-for-apple-card-failures/)

OCT 23, 2024

Prepared Remarks of CFPB Director Rohit Chopra on the Goldman Sachs and Apple Enforcement Press Call (cfpb.gov/about-us/newsroom/prepared-remarks-of-cfpb-director-rohit-chopra-on-the-goldman-sachs-and-apple-enforcement-press-call/)

OCT 23, 2024

CFPB Sues Student Lender Climb Credit and Investment Firm 1/0 for Deceiving Borrowers About Coding Bootcamps and Vocational Programs (cfpb.gov/about-us/newsroom/cfpb-sues-student-lender-climb-credit-and-investment-firm-1-0-for-deceiving-borrowers-about-coding-bootcamps-and-vocational-programs/)

OCT 17, 2024

Events

Remedy Design Deep Dive with the FTC (cfpb.gov/about-us/events/archive-past-events/remedy-design-deep-dive-with-the-ftc/)

OCT 10, 2024

Nonbank Registration Technical Readiness Event (cfpb.gov/about-us/events/archive-past-events/september-nonbank-registration-technical-readiness-event/)

SEP 30, 2024

Nonbank Registration Technical Readiness Event (cfpb.gov/about-us/events/archive-past-events/october-nonbank-registration-technical-readiness-event/)

OCT 09, 2024

View more (cfpb.gov/activity-log/?topics=enforcement)

An official website of the United States government