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Justice Department Resolves Lawsuit Against BayPort Credit Union for Violations of the Servicemembers Civil Relief Act

The Justice Department today announced that it has obtained a settlement agreement requiring BayPort Credit Union (BayPort) to pay nearly $110,000 to resolve allegations it violated the Servicemembers Civil Relief Act (SCRA) by charging excessive interest on servicemembers' loans and repossessing servicemembers' cars without court orders.

"This case is just the latest example of the Justice Department's steadfast commitment to safeguarding the rights of servicemembers, who make so many sacrifices in defending our country," said Assistant Attorney General Kristen Clarke of the Department's Civil Rights Division. "We will continue to vigorously enforce the protections to which servicemembers are entitled under federal law, including their right to a 6% interest rate cap on loans and a right not to have their car repossessed without a court order."

"Entering military service can create financial hardships for our servicemembers who make incredible sacrifices for our nation's security," said U.S. Attorney Jessica D. Aber for the Eastern District of Virginia. "This consent order helps ensure that these men and women are not disadvantaged by their military service and that servicemembers' rights are protected going forward."

The SCRA requires creditors to reduce the interest rate on servicemembers' financial obligations, including retail installment sales contracts, to 6% in certain circumstances. The SCRA also prohibits repossessing a motor vehicle from a servicemember during military service without a court order, as long as the servicemember made a deposit or installment payment on the loan before entering military service.

Today's settlement, which must be approved by the U.S. District Court for the Eastern District of Virginia, resolves a lawsuit filed today by the Department of Justice. The lawsuit alleges that BayPort unlawfully charged interest in excess of 6% to 21 servicemembers who qualified for and sought SCRA interest rate benefits. In at least one instance, BayPort told a servicemember that reducing the interest rate would increase her monthly payment. The lawsuit also alleges that BayPort unlawfully repossessed three servicemembers' motor vehicles without court orders. In at least one of those cases, BayPort knew about the borrower's military service and repossessed the vehicle from a military base.

Under the terms of today's settlement, BayPort must pay nearly $70,000 to the affected servicemembers. Additionally, BayPort must pay $40,000 to the United States as a civil penalty. The agreement also requires BayPort to revise its policies and procedures to prevent future SCRA violations and provide SCRA training to its employees.

Servicemembers and their dependents who believe their SCRA rights have been violated should contact the nearest Armed Forces Legal Assistance Program Office. Office locations can be found at http://legalassistance.law.af.mil/.

The Justice Department's enforcement of the SCRA is conducted by the Civil Rights Division's Housing and Civil Enforcement Section and U.S. Attorneys' Offices throughout the country. Since 2011, the department has obtained over $476 million in monetary relief for over 121,000 servicemembers through its enforcement of the SCRA. Additional

information on the department's enforcement of the SCRA and other laws protecting servicemembers is available at www.servicemembers.gov.

Attachment(s):
Download Consent Order.pdf
Download Complaint.pdf

Topic(s):
Servicemembers Initiative
Civil Rights

Component(s):
Civil Rights Division
Civil Rights - Housing and Civil Enforcement Section

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