

CFPB Issues Annual Report on Servicemember Complaints

Prepared by:
John L. Culhane, Jr. and Anthony C. Kaye
Ballard Spahr L.L.P.

INTRODUCING

Lorman's New Approach to Continuing Education

ALL-ACCESS PASS

The All-Access Pass grants you **UNLIMITED** access to Lorman's ever-growing library of training resources:

- ✓ **Unlimited Live Webinars** - 120 live webinars added every month
- ✓ **Unlimited OnDemand and MP3 Downloads** - Over 1,500 courses available
- ✓ **Videos** - More than 1300 available
- ✓ **Slide Decks** - More than 2300 available
- ✓ **White Papers**
- ✓ **Reports**
- ✓ **Articles**
- ✓ ... and much more!

Join the thousands of other pass-holders that have already trusted us for their professional development by choosing the All-Access Pass.



Get Your All-Access Pass Today!

SAVE 20%

Learn more: www.lorman.com/pass/?s=special20

Use Discount Code Q7014393 and Priority Code 18536 to receive the 20% AAP discount.

*Discount cannot be combined with any other discounts.

CFPB Issues Annual Report on Servicemember Complaints

By **John L. Culhane, Jr.** & **Anthony C. Kaye** on 1/28/19

The CFPB's Office of Servicemember Affairs has released its annual report on complaints submitted to the Bureau by servicemembers.

The report covers the period April 1, 2017 through August 31, 2018. During that period, the Bureau received approximately 48,800 complaints from servicemembers, with credit reporting, debt collection, and mortgages, respectively, the first, second, and third most-complained-about financial products or services. The majority of credit reporting complaints involved perceived inaccuracies on servicemembers' credit reports. The most common type of debt collection and mortgage complaints were, respectively, continued attempts to collect a debt that the servicemember believes is not owed and problems servicemembers faced when unable to make payments, such as issues relating to loan modifications or collections.

The report includes a section entitled "How servicemembers interact with financial products" that provides examples of the rates at which servicemembers and veterans use common consumer financial products and services, such as checking accounts, credit cards, and auto loans or leases.

Another section of the report entitled "Emerging issues and continuing trends in the financial marketplace for servicemembers" discusses

various issues experienced by servicemembers and the CFPB's work in response. These issues include:

- Heightened concern about inaccuracies on credit reports due to new Department of Defense security clearance rules that include a "continuing monitoring" policy under which servicemembers' credit histories are checked automatically rather than periodically (e.g. every 5 years). The Bureau states that it often hears from servicemembers "who are worried that incorrect information on their credit reports will put their security clearance, duty status, potential promotion, or even military career in jeopardy."
- Medical debt on credit reports, in part due to greater use by servicemembers of civilian emergency care and outpatient services that require out of pocket payments.
- Difficulty repaying debts owed to the Department of Veterans Affairs.
- Vulnerability of servicemembers to telecommunications debt due to frequent moves and the accompanying need to suspend or cancel and re-establish telecommunications services.
- Confusion resulting from waivers or reductions of annual fees charged to servicemembers in connection with premium credit cards. (The Bureau indicated that once it identified this trend in credit card complaints, it worked with a particular credit card company whose waiver notice to consumers was found to have created the confusion to craft a clarifying letter to affected consumers. The Bureau stated that "since collaboratively addressing the problem through education with an industry

partner, we have seen a significant decrease in this specific complaint type about this company.”)

- Student loan servicing problems such as delayed processing of applications for income-driven repayment or misapplied payments and difficulty accessing disability discharge protections.
- Insufficient understanding of auto add-on products, including not understanding that such products are optional, would be added to the amount financed, and with regard to GAP, that the insurance can be voided if the servicemember’s car is taken overseas.

This publication is intended to notify recipients of new developments in the law. It should not be construed as legal advice or legal opinion on any specific facts or circumstances. The contents are intended for general informational purposes only, and you are urged to consult your own attorney concerning your situation and specific legal questions you have.

*For questions regarding this update, please contact: John L. Culhane, Jr.
Ballard Spahr LLP, 1735 Market Street, 51st Floor Philadelphia, PA 19103-7599
Email: culhane@ballardspahr.com
Phone: 215-864-8535*

*For questions regarding this update, please contact: Anthony C. Kaye
Ballard Spahr LLP, One Utah Center, Suite 800, 201 South Main Street
Salt Lake City, UT 84111-2221
Email: kaye@ballardspahr.com
Phone: 801-531-3069*

*Copyright © 2019 by Ballard Spahr LLP. (No claim to original U.S. government material.)
Originally published January 2019, www.ballardspahr.com*

The material appearing in this website is for informational purposes only and is not legal advice. Transmission of this information is not intended to create, and receipt does not constitute, an attorney-client relationship. The information provided herein is intended only as general information which may or may not reflect the most current developments. Although these materials may be prepared by professionals, they should not be used as a substitute for professional services. If legal or other professional advice is required, the services of a professional should be sought.

The opinions or viewpoints expressed herein do not necessarily reflect those of Lorman Education Services. All materials and content were prepared by persons and/or entities other than Lorman Education Services, and said other persons and/or entities are solely responsible for their content.

Any links to other websites are not intended to be referrals or endorsements of these sites. The links provided are maintained by the respective organizations, and they are solely responsible for the content of their own sites.