

## Hudson Cook Enforcement Alert: CFPB Brings Lawsuit Against FinTech Company for its Alleged Deceptive Practices and for Allegedly Misrepresenting the Costs of its Loans.

May 20, 2024 | [Mark E. Rooney](#) and [Gabriela Chambi](#)

### HIGHLIGHTS:

- Just a day after the [Supreme Court decision](#) in *Consumer Financial Protection Bureau v. Community Financial Services Association of America, Ltd.*, the Consumer Financial Protection Bureau ("CFPB") announced that it filed a lawsuit against a financial technology company that facilitates small-dollar, no-interest, short-term loans for allegedly misrepresenting the costs of loans, illegally charging certain "tip" and "donation" fees, and engaging in unfair and deceptive practices when servicing and collecting on loans.
- The CFPB's complaint demands the following relief: a permanent injunction against the company from committing future violations of the Consumer Financial Protection Act (CFPA) and the Fair Credit Reporting Act (FCRA); monetary relief, including restitution; and a civil money penalty.
- According to the CFPB, the company has been the subject of state investigations across the country, many of which have involved similar allegations.

### CASE SUMMARY:

On May 17, 2024, the CFPB filed a lawsuit in the U.S. District Court for the Central District of California against a financial technology company for violations of the CFPA and FCRA. Specifically, the CFPB alleges that the company all but requires consumers to pay fees styled as "tips" or "donations" which result in a high cost of borrowing that is not properly disclosed or avoidable. The CFPB alleges that the company engaged in deceptive practices when it misrepresented certain terms about the total cost of credit in its loan disclosure documents. Additionally, the CFPB alleges that the company engaged in unfair and deceptive practices when it serviced and collected on loans that were void or uncollectible because the loans were made without required state licenses or in excess of the state usury caps. Finally, the CFPB alleges that the company coerced payments by threatening to provide negative credit information to the credit reporting bureaus, even though the company did not actually engage in credit reporting.

The complaint seeks damages in the form of a permanent injunction against the company; monetary relief including restitution; disgorgement; and a civil penalty.

#### **RESOURCES:**

You can review all of the relevant court filings and press releases at the [CFPB's Enforcement Page](#).

- [CFPB Press Release](#)

- [CFPB Complaint](#)

*Enforcement Alerts by Hudson Cook, LLP*, written by the attorneys in the firm's [Government Investigations, Examinations and Enforcement](#) and [Litigation](#) practice groups, are provided to keep you informed of federal and state government enforcement actions and related actions that may affect your business. Please contact our attorneys if you have any questions regarding this Alert. You may also view [articles](#), register for an upcoming [CFPB Bites monthly webinar](#) or request a [past webinar](#) recording on our website.

Hudson Cook, LLP provides articles, webinars and other content on its website from time to time provided both by attorneys with Hudson Cook, LLP, and by other outside authors, for information purposes only. Hudson Cook, LLP does not warrant the accuracy or completeness of the content, and has no duty to correct or update information contained on its website. The views and opinions contained in the content provided on the Hudson Cook, LLP website do not constitute the views and opinion of the firm. Such content does not constitute legal advice from such authors or from Hudson Cook, LLP. For legal advice on a matter, one should seek the advice of counsel.

**SUBSCRIBE TO INSIGHTS**

# HUDSON COOK

Hudson Cook, LLP is a national law firm representing the financial services industry in compliance, privacy, litigation, regulatory and enforcement matters.

7037 Ridge Road, Suite 300, Hanover, Maryland 21076  
410.684.3200

**[hudsoncook.com](https://www.hudsoncook.com)**

© Hudson Cook, LLP. All rights reserved. Privacy Policy | Legal Notice  
Attorney Advertising: Prior Results Do Not Guarantee a Similar Outcome

