

Enforcement Alert from Hudson Cook; CFPB Fines Fintech Installment Lender \$15 Million for Alleged Consent Order Violations

November 16, 2023 | [Julia K. Whitelock](#) and [Kristen Yarows](#)

HIGHLIGHTS:

- The CFPB announced a consent order with a fintech installment lender resolving the Company's alleged violations of a 2019 consent order through its continued unfair and deceptive acts or practices in violation of the CFPB.
- The Company neither admitted nor denied the allegations, but consented to the entry of an administrative order that restricts the sale of certain short-term loans for seven years, stops certain specified practices, reforms executive compensation agreements, provides redress to consumers, and requires payment of a civil penalty.

CASE SUMMARY:

On November 15, 2023, the Consumer Financial Protection Bureau announced that a nonbank installment lender agreed to settle allegations that it was violating a 2019 consent order. The Company is a publicly traded online small-dollar lender that until 2022 also extended payday loans to consumers.

The 2019 consent order required the Company to pay a \$3.2 million penalty to the CFPB and to abide by certain conduct restrictions. Pursuant to its investigation of the Company's compliance with that order, the CFPB alleged that the Company did not abide by the conduct restrictions, and that the Company continued to debit consumers' accounts without permission, failed to honor loan extensions, and failed to provide copies of EFT authorizations to consumers. The CFPB also alleged that the Company failed to disclose that making an interim partial payment would result in cancellation of their loan extension and misrepresented various repayment fees, due dates, and amounts.

To resolve these charges, but without admitting or denying any wrongdoing, the Company agreed to, among other things, stop offering certain short-term loans for seven years, refrain from the practices identified in the consent order, implement a compliance plan, provide redress to consumers whose accounts were debited without permission, and pay a civil money penalty of \$15 million. The consent order also required the

Company to ensure that all executive compensation agreements going forward consider the actions taken by the executive to ensure that the executive's business or department complies with the order and federal consumer financial law.

The consent order is another example of the Bureau's enforcement focus on what it calls "repeat offenders."

RESOURCES:

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

- [2023 Consent Order](#)
- [CFPB Press Release](#)
- [2019 Consent Order](#)

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