

Enforcement Alert from Hudson Cook; CFPB Takes Action Against Fintech Company for Alleged Deceptive Practices in International Money Transfers

October 19, 2023 | [Michael A. Goodman](#) and [Mark D. Metrey](#)

HIGHLIGHTS:

- The Consumer Financial Protection Bureau ("CFPB") issued a Consent Order against a nonbank fintech Company ("Company") that provides international money transfer services.
- The Company is alleged to have violated the Electronic Fund Transfer Act ("EFTA"), Regulation E, and the Consumer Financial Protection Act ("CFPA") by making false claims about transfer speed and cost, improperly waiving consumer rights, inaccurately disclosing the date of fund availability, and failing to provide an explanation of findings in response to Notices of Error.
- The Company agreed to pay a \$1.5 million civil money penalty, provide an additional \$1.5 million in redress to affected consumers, and implement a comprehensive compliance plan to ensure compliance with relevant laws and the Consent Order.

CASE SUMMARY:

On October 17, 2023, the CFPB took action against a nonbank fintech Company providing international money transfer services for alleged EFTA, Regulation E, and CFPA violations. The fintech Company operates throughout the United States via its mobile application, facilitating remittance transfers to several countries, primarily in Africa and Asia.

The CFPB alleged a series of deceptive and non-compliant practices resulting in significant violations and penalties. The Company allegedly engaged in deceptive advertising, misleading consumers with claims of "instant" or "within seconds" remittance transfers, in violation of the CFPA, and included service agreement clauses that appeared to waive consumers' EFTA rights, in violation of the EFTA.

The CFPB also alleged that the Company inaccurately disclosed critical information, including the date of fund availability and exchange rates. The Consent Order also asserts that Company's alleged failure to investigate and address consumer-reported

errors, as well as broader non-compliance with the Remittance Rule, led to multiple violations of regulatory standards. Notably, the Company allegedly failed to round exchange rates consistently as mandated by the Remittance Rule and provided contact and cancellation information in a manner that did not meet regulatory requirements. Without admitting to these allegations, the Company agreed to pay a \$1.5 million penalty, as well as set up a comprehensive compliance plan and provide redress to the affected customers.

RESOURCES:

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

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

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

