

State Watch: Consumer Protection Enforcement Update

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State credit regulators take center stage this month: the Illinois Department of Financial and Professional Regulation, the Massachusetts Division of Banks, the New Hampshire Banking Department, and the South Carolina Department of Consumer Affairs all announced enforcement actions over issues such as usury, unlicensed activity, and excessive fees.

California

California Attorney General Bonta issued a [consumer alert](#) warning about deferred-interest medical credit cards which, the AG says, may have onerous terms if the consumer misses a payment. Specifically, according to the AG, the cards may be marketed as zero interest financing for a limited promotional period, but may allow the issuer to charge interest retroactively from the date of origination if and when the consumer misses any payment. AG Bonta cautioned against solicitations by medical providers to sign up for such cards and provided tips on how to finance medical procedures and care.

AG Bonta, along with the District Attorneys of San Francisco County, Los Angeles County, Napa County, and Sonoma County, and with support from the California Privacy Protection Agency, [settled](#) with a vehicle manufacturer over its data sharing practices. Specifically, the AG and District Attorneys claim that the company gathered Californians' driving and location data through vehicle telematics systems and then sold it to data brokers without consumers' knowledge or consent, in violation of the California Consumer Privacy Act. In some cases, the AG and District Attorneys allege, the data brokers sold the information to insurance companies which used the information to raise consumers' premiums. Under the terms of settlement, the company will pay \$12.75 million in civil penalties.

Illinois

In its [March Enforcement Report](#), the Illinois Department of Financial and Professional Regulation announced settlements and consent orders with mortgage bankers, mortgage loan originators, installment lenders, collection agencies, and sales finance companies, over issues arising from exams, unlicensed activity, and alleged fraud.

The IDFPR also [launched](#) a new online complaint portal to "simplify and modernize the way Illinois consumers file complaints against financial institutions amid a federal step back in enforcement." The agency cited a doubling in CFPB complaint volume during 2025, with a dramatic reduction in the CFPB's successful mediation rate over the same period (from 49% to 5%).

Massachusetts

The Massachusetts Division of Banks entered into a settlement agreement with a company that the DOB claimed was engaging in business as a third-party loan servicer without holding the required license beginning as early as July of 2021. The DOB noted in its press release that as soon as the company became aware that it needed the license, it immediately cooperated with the DOB and submitted a license application. Nonetheless, under the terms of the settlement agreement, the company will pay a civil penalty of \$1.9 million.

The DOB also issued a cease directive to a company the DOB claims was engaged in unlicensed foreign money transmission activity. The DOB says that it received an email tip with a photo of a receipt showing the company as the money transmitter sending money to a foreign country for a fee. The DOB claims that it requested all transmission records relating to the company's unlicensed activity, but the records have not been provided yet. Under the terms of the cease directive, the company must stop engaging in business as a money transmitter, provide the DOB with complete money transmission records for a nearly three-year period, and reimburse all fees to consumers for whom it engaged in unlicensed money transmission.

New Hampshire

The New Hampshire Banking Department entered into a consent order with a debt adjuster for issues identified during an exam. Specifically, the Department alleges that the company charged New Hampshire consumers fees in excess of those permitted by New Hampshire law. Under the terms of the consent order, the company will pay almost \$200,000 in restitution to affected New Hampshire consumers.

North Carolina

North Carolina Attorney General Jackson won a consent judgment against a real estate brokerage over its homeowner benefit agreements, under which the company paid a small upfront fee to a homeowner in exchange for the right to list the homeowner's property for 40 years if and when the homeowner decided to sell. AG Jackson has been litigating against the company since 2023, when it first sued the company claiming that the HBAs were deceptive in violation of North Carolina law. The AG later won a preliminary injunction barring the company from entering into any new HBAs in North Carolina. Earlier this year, the AG won a motion for summary judgment holding the company liable for unfair and deceptive trade practices and for violating North Carolina's telemarketing and robocalls laws. This consent judgment is the final disposition of the case. Under the terms of the consent judgment, the company cannot enforce its HBAs against North Carolina homeowners or collect any fees from North Carolina consumers. It is also permanently banned from doing business in North Carolina. Finally, the company must pay \$1.3 million in restitution to North Carolina homeowners and, if it violates the terms of the consent judgment, an additional \$5.7 million in penalties.

Pennsylvania

Attorney General Sunday became the latest AG to settle with a real estate brokerage over its allegedly unlawful homeowner benefit agreements, under which the company paid a small upfront fee to a homeowner in exchange for the right to list the homeowner's property for 40 years if and when the homeowner decided to sell. According to AG Sunday, the company misled Pennsylvania consumers about the terms of the HBAs and placed liens on their homes without their knowledge. Under the terms of the HBAs, the AG claims that consumers had to pay either termination fees to get out of the HBA or

else pay fees if they let the company list their home. Under the terms of settlement, all existing HBAs with Pennsylvania homeowners are void, all liens recorded by the company in Pennsylvania must be recorded as satisfied, and the company will pay partial consumer restitution of over \$600,000, litigation costs, and over \$1.6 million in civil penalties (which are suspended as long as the company complies with the order). The company is also permanently banned from the residential real estate business in Pennsylvania.

South Carolina

The South Carolina Department of Consumer Affairs settled with a payday and installment lender over allegations that, between 2013 and 2015, the company made loans to South Carolina consumers at interest rates exceeding the allowed rate. Specifically, the company made loans at APR often exceeding 100%, without filing a rate chart with the SCDCA and posting the filed rate for public view. In failing to do so, under South Carolina law, the company was limited to an interest rate of 18%. The SCDCA originally sued the company in 2016. Under the terms of the settlement, the company will refund affected consumers.

Multistate

A group of Democratic states attorneys general submitted a comment sharply criticizing the federal Consumer Financial Protection Bureau's Draft Strategic Plan for FY 2026-2030. Specifically, the AGs expressed concern that the Strategic Plan calls for a dramatic reduction in staff, elimination of "duplicative" supervision which will further burden state regulators, a shift away from focusing on risky non-depositories, and a de-emphasis on civil penalties, which can be a powerful deterrent. The comment was submitted by the AGs of Illinois, Arizona, California, Colorado, Connecticut, Delaware, the District of Columbia, Hawaii, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New Mexico, New York, North Carolina, Oregon, Vermont, Virginia, Washington state, and Wisconsin.

Join us for our next quarterly update on state enforcement on Tuesday, September 29 at 2:00 pm ET. Click [here](#) to register for the webinar. Click [here](#) to learn more about Hudson Cook's State Enforcement Practice.

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