



PRESS RELEASE

Attorney General Frosh Joins Coalition Opposing CFPB Effort to Delay Consumer Protections from Payday Lenders

BALTIMORE, MD (March 20, 2019) – Maryland Attorney General Brian Frosh today joined a coalition of 25 attorneys general in urging the Consumer Financial Protection Bureau (CFPB) to take immediate action to protect consumers from abuses in payday lending, vehicle title lending, and other types of high-cost exploitative consumer lending.

“The CFPB needs to prioritize its mission of helping consumers, instead of bowing to the wishes of lenders,” said Attorney General Frosh. “While the CFPB delays protections, consumers are left vulnerable to predatory lenders whose fundamental mission is to expand their own financial interests, often at great costs to their clients.”

In 2017, the CFPB announced a new rule that would help protect borrowers and ensure they would have the ability to repay loans, while also prohibiting lenders from using abusive tactics when seeking repayment. The rule went into effect in early 2018, but compliance was delayed until August 19, 2019, to give lenders time to develop systems and policies. The CFPB has now proposed to further delay compliance until November 19, 2020, more than three years after the regulation was finalized. At the same time, CFPB is reviewing another rule that would altogether rescind the delayed rule.

Together, these actions put hard-fought borrower protections at risk. In their [comments](#), the attorneys general cite CFPB’s own findings that demonstrate the many ways the short-term payday and title lending model is faulty —specifically that a significant percentage of these loans are expected to fail. In fact, 90 percent of all loan fees come from consumers who borrow seven or more times in 12 months. Twenty percent of payday loan transaction series end in default and 33 percent of single-payment auto title loan sequences end in default.

In addition to Maryland, the comments were also joined by the attorneys general of California, Colorado, Connecticut, the District of Columbia, Delaware, Hawaii, Iowa, Illinois, Maine, Massachusetts, Michigan, Minnesota, New Jersey, New Mexico, New York, Nevada, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, Washington, and Wisconsin.