

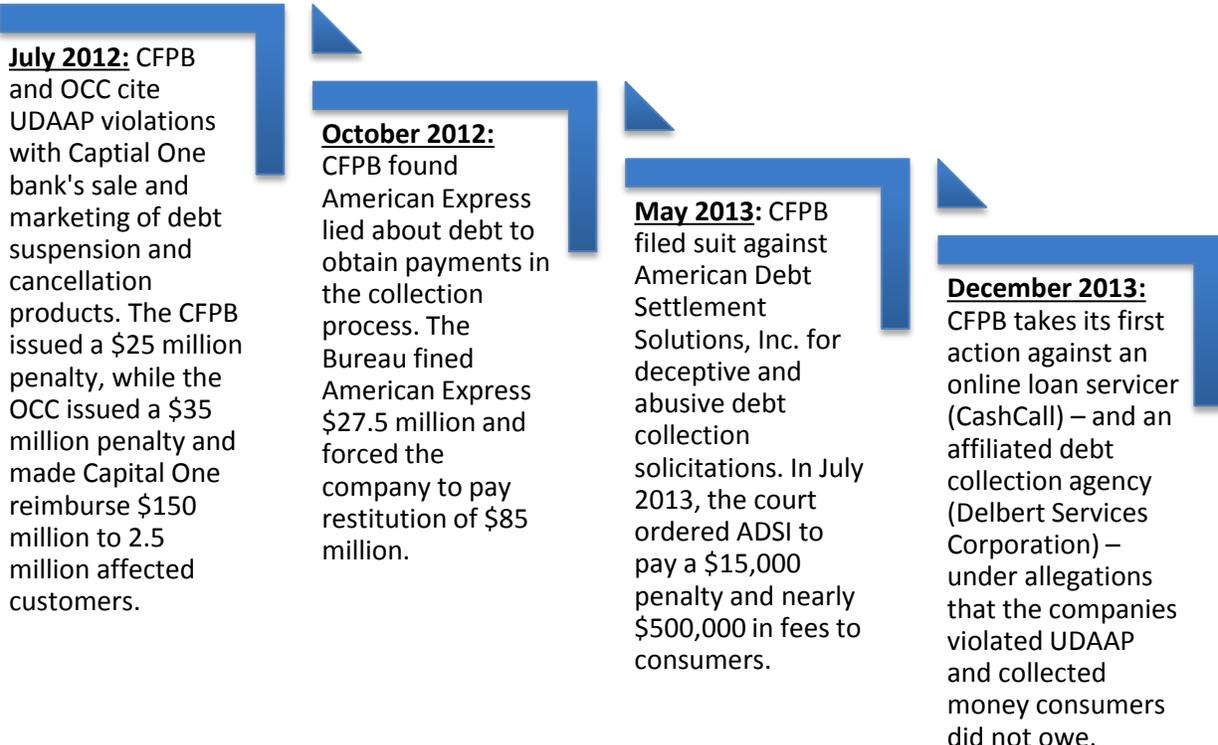
## Violations

The CFPB has largely carried out UDAAP enforcement on a case-by-case basis. If a collection agency uses an unfair, deceptive or abusive act or practice and the Bureau finds out, then the agency is subject to investigations and consent decrees that lead to fines and hefty legal costs.

Admittedly, bulletins and consent decrees are only enforceable against the agencies to which they're directly addressed. But collectors should look to CFPB bulletins and consent decrees, which are often issued very publicly, to determine what the Bureau is thinking as they take a greater role in developing industry laws that mimic these orders. Chances are if the CFPB creates a rule for one company, chances are they're going to eventually try to apply it to all companies. If collectors know what the CFPB is thinking, they can adjust their own practices to avoid what they already know is going to be contested in the future.

Furthermore, collection agencies must manage the hiring, training and risk management when it comes to third party vendors to make sure that they are not violating the law in their stead. For instance, when it comes to truth in lending, the government has signaled to creditors that they will take third party mistakes out on them. They may even go one step further by holding creditors accountable for the bad behavior of the agencies to which they sell debt.

### Timeline: High-Profile UDAAP Violations



**July 2012:** CFPB and OCC cite UDAAP violations with Capital One bank's sale and marketing of debt suspension and cancellation products. The CFPB issued a \$25 million penalty, while the OCC issued a \$35 million penalty and made Capital One reimburse \$150 million to 2.5 million affected customers.

**October 2012:** CFPB found American Express lied about debt to obtain payments in the collection process. The Bureau fined American Express \$27.5 million and forced the company to pay restitution of \$85 million.

**May 2013:** CFPB filed suit against American Debt Settlement Solutions, Inc. for deceptive and abusive debt collection solicitations. In July 2013, the court ordered ADSI to pay a \$15,000 penalty and nearly \$500,000 in fees to consumers.

**December 2013:** CFPB takes its first action against an online loan servicer (CashCall) – and an affiliated debt collection agency (Delbert Services Corporation) – under allegations that the companies violated UDAAP and collected money consumers did not owe.