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CFPB Supervisory Highlights

Summer 2024 (34th) Edition

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**Regulatory
Strategy**
US

Overview of the CFPB's Supervisory Highlights

In its latest and now **34th edition of *Supervisory Highlights*** (July 2024), the Consumer Financial Protection Bureau (CFPB) published its key supervisory findings from recent examinations of financial institutions.¹ The CFPB's goal is to help institutions better understand how the CFPB examines, and what it is finding, relative to compliance with federal consumer financial laws and regulations. Our summary provides insights and considerations for institutions to help focus compliance risk management efforts.

Items of note

This edition of *Supervisory Highlights* focuses on debt collection. This edition highlights violations of law and consumer harm in the areas of auto and student loan servicing and debt collection, including credit card debt collections. This edition also presents findings in deposits and prepaid accounts as well as credit card account management with a focus on medical credit cards. The findings in this edition cover examinations that were completed between April 1, 2023 to December 31, 2023. This edition is being published at a time when the CFPB indicates that it is focusing on "repeat offenders."

Auto servicing: The CFPB continues to examine auto loan servicing activities, primarily to assess servicers' compliance with the Consumer Financial Protection Act's (CFPA) prohibition on unfair, deceptive or abusive acts or practices (UDAAP). The CFPB found that some auto loan servicers mishandled consumers' final payments. Auto loan servicing issues, particularly issues surrounding the final manual payment, were previously discussed in [Issue 31](#) (Fall 2023), [Issue 30](#) (Summer 2023), and [Issue 26](#) (Spring 2022).

Debt collection: Recent examinations of larger participant debt collectors identified violations of Regulation F. The CFPB found that those debt collectors violated proper disclosure requirements, misled borrowers, and harassed them at inconvenient times and at unusual places. Previous issues were previously identified in [Issue 26](#) (Spring 2022), [Issue 28](#) (Fall 2022), and [Issue 30](#) (Summer 2023).

Deposits: When reviewing deposits and prepaid account freezes, the CFPB identified practices that prevent consumers from accessing their funds or important account information, which are potential CFPA violations of UDAAPs. Previous issues were previously identified in [Issue 31](#) (Fall 2023) and [Issue 26](#) (Spring 2022).

Enforcement actions

Recent enforcement actions by the CFPB highlight (1) illegal collection on student loans that have been discharged and false reporting of information to credit reporting agencies, and (2) misrepresentation of the speed and cost of remittance transfers.

Supervisory developments

Since its last issuance of *Supervisory Highlights*, the CFPB has [created a registry](#) to detect corporate repeat offenders, [issued an interpretive rule](#) regarding Buy Now, Pay Later (BNPL), [issued a rule](#) on procedures for supervisory designation proceedings, and [issued a circular](#) on remittance transfers.

Previously identified issues

Supervisory Observations



[Auto Servicing](#)

- 3 previously identified issues



[Student Loan Servicing](#)

- 9 previously identified issues



[Debt Collection](#)

- 3 previously identified issues



[Credit Card Account Management](#)

- 1 previously identified issue



[Deposits](#)

- 3 previously identified issues

How to use this guide

01

For each observation area (e.g., Auto Servicing, Debt Collection), **review the root cause and description** to find commonly observed issues at financial institutions.

- Root causes are broken into two potential issues:
 - **Process** describes a root cause related to policies, procedures, and automated issues such as coding.
 - **People** describes a root cause related to training or incentives.

02

Review the thematic issues highlighted in the Appendix from previous issues of *Supervisory Highlights*.³ Examiners will likely provide less leeway for issues that have been previously raised by the CFPB, as it is expected that root causes for commonly identified issues should be remediated.

03

After reviewing root causes and previously identified issues, **consider areas of potential improvement** in your compliance program.



Auto Servicing

	Description	Violation	Root Cause	Similar findings
Collecting the final payment for auto loans	Some servicers failed to debit consumers' final payment via their autopay system without adequate notification to borrowers enrolled in autopay that they need to make the final payment manually. Servicers' systems did not debit the final payments when they were different than normal amounts and charged the consumers late fees for failing to make the final payment on time.	Unfair Acts and Practices	<ul style="list-style-type: none">• Process – Policy• Process - Procedures	Fall 2023 Summer 2023 Spring 2022

Similar findings looks across the eight most recent versions of *Supervisory Highlights (Spring 2022)* to direct the reader to previously highlighted violations.



Student Loan Servicing

	Description	Violation	Root Cause	Similar findings
Failing to provide adequate avenues for communication due to excessive hold times	Some servicers had excessive hold times when consumers contacted them, with an average hold time over 40 minutes over a six-month period. The servicers significantly understaffed their call centers, disables access to account portals, and had problems with their interactive voice response systems	Unfair Acts and Practices	<ul style="list-style-type: none">• People - Incentives	Fall 2022
Misrepresenting which forms consumers should use to enroll in certain programs	Some servicers provided inaccurate information regarding which forms consumers should submit in order to qualify for certain loan programs. The servicers misrepresented which forms to submit and, when the consumers submitted the specified forms, their requests were denied.	Unfair Acts and Practices	<ul style="list-style-type: none">• Process – Procedures• People - Training	Fall 2022
Failing to notify consumers of preauthorized funds transfers that exceeded the previous amount	Some servicers violated a provision of Regulation E when they did not provide written notices to consumers before withdrawing an amount that exceeded the previous transfer. Under Regulation E, payees must provide a written notice with the amount and date of the transfer at least 10 days before the scheduled transfer if the amount differs.	Regulation E	<ul style="list-style-type: none">• People - Incentives	Fall 2022

Similar findings looks across the eight most recent versions of *Supervisory Highlights (Spring 2022)* to direct the reader to previously highlighted violations.



Debt Collection

	Description	Violation	Root Cause	Similar findings
Failure to provide debt validation notice	Some debt collectors failed to provide the requisite validation information required by Regulation F either orally, or in writing, within five days of the initial communication with consumers. The validation notice must be sent unless the validation information is contained (or provided orally) in the initial communication, or the consumer has paid the debt before the validation information is required to be provided.	Regulation F	<ul style="list-style-type: none"> Process – Procedures People - Training 	N/A
Using false, deceptive or misleading representations	Some debt collectors used different names other than the true name of the debt collectors' business, company, or a and failed to disclose their true company names. In addition, the debt collectors failed to provide key initial disclosures with borrowers that the debt collector is attempting to collect a debt and the information obtained will be used for that purpose.	Regulation F	<ul style="list-style-type: none"> Process – Procedures People - Training 	Summer 2023 Spring 2022
Communicating with consumers at inconvenient or unusual times or places	Some debt collectors communicated with consumers at times or places known by the collectors to be inconvenient or unusual. Debt collectors sent payment reminder emails before 8 am, and continued conversations after the consumer directly informed them of an inconvenience.	Regulation F	<ul style="list-style-type: none"> Process - Policy Process - Procedures People – Training 	N/A
Harassing, oppressive, or abusive conduct in connection with the collection of debt	Some debt collectors took aggressive tones with consumers and were verbally abusive toward consumers who were unable to make their payments. Other debt collectors placed over 100 telephone calls to consumers after consumers specifically asked them to stop.	Regulation F	<ul style="list-style-type: none"> People – Training 	Fall 2022
Failure to cease communicating through a specific medium	Some debt collectors communicated or attempted to communicate through a specified medium, such as a text message, and/or through a specific telephone number that the consumers had requested the debt collectors not to use.	Regulation F	<ul style="list-style-type: none"> Process - Procedures People – Training 	N/A
Failure to disclose in subsequent communications that communication is from a debt collector	Some debt collectors' service providers failed to disclose when communicating to consumers through telephone or text message that the communication was on behalf of a debt collector. When consumers requested an electronic payment notification, services providers failed to include the required disclosure that the communication was on behalf of a debt collector.	Regulation F	<ul style="list-style-type: none"> Process - Procedures 	N/A
Incorrect documentation related to the statute of limitations in credit card collections	Some credit card issuers failed to properly calculate and document the debt collection statute of limitations for a particular state and sold the credit card debt to debt collectors. The entities misrepresented the statute of limitations as ten years rather than five years, including some accounts where the statute had already expired.	Unfair Acts and Practices	<ul style="list-style-type: none"> Process – Procedures Process Coding 	N/A

Similar findings looks across the eight most recent versions of *Supervisory Highlights (Spring 2022)* to direct the reader to previously highlighted violations.



Credit Card Account Management

	Description	Violation	Root Cause	Similar findings
Service provider oversight in offering medical payment products	Some health care providers promoted, offered, and sold medical credit cards to consumers at point of sale. However, the providers misrepresented the specifics of the promotions, particularly with respect to the monthly payments and the allocation toward balances. Consumer complained that they felt pressured by the providers to open a credit card during treatment.	N/A	<ul style="list-style-type: none">• Process – Policy• People - Incentives	Fall 2022

Similar findings looks across the eight most recent versions of *Supervisory Highlights (Spring 2022)* to direct the reader to previously highlighted violations.



Deposits

	Description	Violation	Root Cause	Similar findings
Account freezes	Some institutions failed to affirmatively notify consumers after blocking their accounts after a suspicious activity review. When institutions did provide notices, they sometimes failed to provide clear guidance to customers such as providing information they would need to unfreeze their accounts. Institutions frustrated consumers' ability to contact the institution.	Unfair acts or Practices	<ul style="list-style-type: none">• Process - Procedures	Spring 2022
Failure to provide periodic statements for allotment savings accounts	Some institutions did not send periodic statements to consumers with dormant allotment accounts for an extended time period. During this time, account holders were charged fees on these accounts, even during the time where consumers were not provided timely notice of their account information.	Unfair acts or Practices	<ul style="list-style-type: none">• Process - Coding	Fall 2023
Consumer requests for information	Some banks and credit unions would not comply with section 1034(c) if they imposed conditions or requirements on consumer information requests, such as charging a consumer a fee. After a recent CFPB Advisory Opinion, banks and credit unions stopped charging fees for some services, such as printed copies of check images and account statements, bank account research and analysis, third-party ATM fees, and "verifications of deposit."	Section 1034(c)	<ul style="list-style-type: none">• Process – Policy• Process - Procedures• People – Training	Fall 2023

Similar findings looks across the eight most recent versions of *Supervisory Highlights (Spring 2022)* to direct the reader to previously highlighted violations.

¹ Consumer Financial Protection Bureau (CFPB), "[Supervisory Highlights: Servicing and Collection of Consumer Debt](#)," Issue 34 (Summer 2024), July 2024.

² CFPB, "[Registry of Nonbank Covered Persons Subject to Certain Agency and Court Orders](#)," *Federal Register*, July 08, 2024; CFPB, "[Truth in Lending \(Regulation Z\); Use of Digital User Accounts to Access Buy Now, Pay Later Loans](#)," *Federal Register*, May 31, 2024; CFPB, "[Procedures for Supervisory Designation Proceedings](#)," *Federal Register*, April 23, 2024; CFPB, "[Consumer Financial Protection Circular 2024-02](#)," March 27, 2024.

³ CFPB, "[Supervisory Highlights: Servicing and Collection of Consumer Debt](#)," Issue 34 (Summer 2024), July 2024; CFPB, "[Supervisory Highlights](#)," Issue 33 (Spring 2024), April 2024; CFPB, "[Supervisory Highlights](#)," Issue 32 (Spring 2024), April 2024; CFPB, "[Supervisory Highlights Junk Fees Update Special Edition](#)," Issue 31 (Fall 2023), October 2023; CFPB, "[Supervisory Highlights](#)," Issue 30 (Summer 2023), July 2023; CFPB, "[Supervisory Highlights Junk Fees Special Edition](#)," Issue 29 (Winter 2023), March 2023; CFPB, "[Supervisory Highlights](#)," Issue 28 (Fall 2022), November 2022; CFPB, "[Supervisory Highlight Student Loan Servicing Special Edition](#)," Issue 27 (Fall 2022), September 2022; CFPB, "[Supervisory Highlights](#)," Issue 26 (Spring 2022), May 2022.

Thomas Nicolosi

Principal | Deloitte & Touche LLP

tnicolosi@deloitte.com

James Siciliano

Managing Director | Deloitte & Touche LLP

jasiciliano@deloitte.com

Shaun Nabil

Managing Director | Deloitte & Touche LLP

snabil@deloitte.com

John Graetz

Principal | Deloitte & Touche LLP

jgraetz@deloitte.com

Paul Sanford

Independent senior advisor to Deloitte & Touche LLP

pasanford@deloitte.com

Jessica Golden

Senior Manager | Deloitte & Touche LLP

jegolden@deloitte.com

Deloitte Center for Regulatory Strategy

Irena Gecas-McCarthy

FSI Director, Deloitte Center for Regulatory Strategy, US

Principal | Deloitte & Touche LLP

igecasmccarthy@deloitte.com

Kyle Cooke

Manager | Deloitte Services LP

kycooke@deloitte.com

Aaron Salerno

Manager | Deloitte Services LP

asalerno@deloitte.com



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