

**Testimony of James S. Rice  
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**before the**

**House Committee on Oversight and Reform  
Subcommittee on National Security**

**July 13, 2022**

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Chairman Lynch, Ranking Member Grothman, and distinguished Members of the Subcommittee, it is my pleasure to appear before you today to discuss the work of the Consumer Financial Protection Bureau (CFPB or Bureau) Office of Servicemember Affairs (OSA) and the recent actions we have taken to protect servicemembers, veterans, and their families from scams and harmful practices as they navigate the financial marketplace.

My name is Jim Rice, and I have been the Assistant Director of the Office of Servicemember Affairs at the Consumer Financial Protection Bureau for the past 3 years. I served over three decades in the U.S. Army, first as an enlisted medic, then as a Medical Evacuation Officer in the Army Medical Service Corps. I later served as the Director of the U.S. Army Wounded Warrior Program and finally as Chief of the Health Services Division on the Joint Staff. In each assignment, I saw firsthand how the financial well-being of servicemembers and their families affected their ability to focus on their mission and their careers. I appreciate the opportunity to discuss our efforts at the OSA.

Before I begin, I would like to provide some historical context for this work. Before the Bureau opened its doors, the financial landscape that servicemembers were expected to traverse looked very different. In 2006, the Department of Defense (DoD) identified payday and predatory lending as a major problem. Payday lenders and car title lenders lined up outside the gates of military installations across the country and there was evidence that high indebtedness was placing our nation's force readiness at risk.<sup>1</sup> Fast forward more than 15 years, and I am happy to report that active duty servicemembers and their families are better protected thanks to congressional action such as enacting the Military Lending Act (MLA), the ongoing work of the DoD and a concerted effort from agencies across the federal government, including the CFPB, and in the states. Based on OSA's work and the experiences we hear directly from servicemembers, veterans, and their families, however, it is clear more work needs to be done.

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<sup>1</sup> *Report On Predatory Lending Practices Directed at Members of the Armed Forces and Their Dependents*. DEPARTMENT OF DEFENSE (Aug. 9, 2006) available at <https://download.militaryonesource.mil/12038/MOS/Reports/ReportonPredatoryLendingPractices.pdf>

The CFPB is committed to our mission as laid out by Congress in the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) to educate and empower servicemembers, monitor their complaints, and coordinate efforts across the government to protect servicemembers and their families in the financial marketplace.<sup>2</sup> To outline how we carry out that mission, I would like to focus my remarks in four key areas – the evolving nature of the threat and how the military experience is unique, CFPB’s work in this sphere, the work we plan to undertake, and CFPB resources that are available to veterans, servicemembers, and their families.

## **1. The nature of the threat: servicemembers face unique challenges in the financial marketplace**

As the CFPB evaluates and addresses risks to servicemembers, veterans, and their families, we are informed by their firsthand experience in the financial market and, too often, their detailed complaints about harmful practices. As of June 30, 2022, we have received over 4.2 million consumer complaints including, over 286,000 complaints from servicemembers, veterans, and military family members. The CFPB receives consumer complaints from every branch of the military and every rank. Complaints come from throughout the United States, the District of Columbia, the territories, and from military installations across the globe.

### **1.1. Servicemembers are prime targets for scams and expensive financial products**

It’s an unfortunate fact that our men and women in uniform are prime targets for scams and bad actors in the financial marketplace. Recently a *New York Times* article, “Where an Army Paycheck is an Easy Target,” profiled the environment where servicemembers are targeted by unscrupulous actors in the financial services market.<sup>3</sup> Our younger servicemembers often do not have much experience with money but receive a steady paycheck. Taken together, these factors create an opportunity for lenders and businesses to target our military servicemembers for their hard-earned money.

Servicemembers also face proximity risk, as many of these businesses operate just outside the gates of installations where they are stationed. For example, when driving outside of a military installation, one common business you see on both sides of the road are used car dealers. When many servicemembers complete basic training, their first duty station is often in an area where a car is needed to get around or leave the base. The CFPB’s prior research has shown that young servicemembers tend to take out auto loans soon after joining the military and carry more auto

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<sup>2</sup> 12 U.S.C. § 5493(e)

<sup>3</sup> Ron Lieber, *Where an Army Paycheck Is an Easy Target*. N.Y. TIMES, JUNE 30, 2022, available at [www.nytimes.com/2022/06/30/your-money/fort-campbell-military-installations.html](https://www.nytimes.com/2022/06/30/your-money/fort-campbell-military-installations.html).

debt than their civilian peers.<sup>4</sup> When unscrupulous practices are allowed to flourish in the auto market, servicemembers are more likely to take on harmful debt.

Frequent relocation is part of military life, and permanent change of station orders often mean a new home, new utility connections, and other situations where a servicemember or spouse needs to share personal information like Social Security numbers, credit card numbers, and bank account information to a wide range of actors, most legitimate, others less so. As this process repeats itself, we are concerned that servicemembers are subject to increased risk of identity theft, data breaches, and other scams.

## **1.2. Harmful business practices can put a servicemember's career and mission capability at risk**

Over the course of the last decade, CFPB has identified and worked on harmful practices that implicate nearly every market and corner of consumer finance from mortgages<sup>5</sup> to small-dollar lending<sup>6</sup> and auto lending<sup>7</sup> to student loans.<sup>8</sup> Today's hearing focuses on the critically important role that the CFPB and other agencies play in addressing frauds, scams, and harmful practices that target servicemembers and veterans, and I would like to take a moment to discuss how servicemembers are uniquely affected by harmful practices.

High indebtedness and shoddy debt collection practices that negatively affect all consumers may have an outsized impact on those serving in uniform. Many servicemembers, including all officers, are required to have security clearance checks that include detailed reviews of their credit history and their ability to meet financial obligations. If servicemembers are unable to keep up those obligations, a blemish on their credit report can lead to security clearance revocation or even potential discharge from service.<sup>9</sup>

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<sup>4</sup> *Financially Fit? Comparing the credit records of young servicemembers and civilians*, CONSUMER FIN. PROT. BUREAU (July 14, 2020), available at [www.consumerfinance.gov/data-research/research-reports/financially-fit-comparing-credit-records-young-servicemembers-civilians/](http://www.consumerfinance.gov/data-research/research-reports/financially-fit-comparing-credit-records-young-servicemembers-civilians/).

<sup>5</sup> See e.g. *Justice Department and CFPB Put Landlords and Mortgage Servicers on Notice About Servicemembers' and Veterans' Rights*. CONSUMER FIN. PROT. BUREAU (Dec. 20, 2021) available at [www.consumerfinance.gov/about-us/newsroom/cfpb-and-doj-put-landlords-and-mortgage-servicers-on-notice-about-servicemembers-and-veterans-rights/](http://www.consumerfinance.gov/about-us/newsroom/cfpb-and-doj-put-landlords-and-mortgage-servicers-on-notice-about-servicemembers-and-veterans-rights/).

<sup>6</sup> See e.g. *The extension of high-cost credit to servicemembers and their families*. CONSUMER FIN. PROT. BUREAU (Dec. 2014) available at [https://files.consumerfinance.gov/f/201412\\_cfpb\\_the-extension-of-high-cost-credit-to-servicemembers-and-their-families.pdf](https://files.consumerfinance.gov/f/201412_cfpb_the-extension-of-high-cost-credit-to-servicemembers-and-their-families.pdf).

<sup>7</sup> *CFPB Orders Auto Lenders to Refund Approximately \$6.5 Million to Servicemembers*. CONSUMER FIN. PROT. BUREAU (Jun. 27, 2013) available at [www.consumerfinance.gov/about-us/newsroom/cfpb-orders-auto-lenders-to-refund-approximately-6-5-million-to-servicemembers/](http://www.consumerfinance.gov/about-us/newsroom/cfpb-orders-auto-lenders-to-refund-approximately-6-5-million-to-servicemembers/).

<sup>8</sup> See e.g. *Seeing servicemembers as "dollar signs in uniform"* CONSUMER FIN. PROT. BUREAU (Sept 22, 2011) available at [www.consumerfinance.gov/about-us/blog/seeing-servicemembers-as-dollar-signs-in-uniform/](http://www.consumerfinance.gov/about-us/blog/seeing-servicemembers-as-dollar-signs-in-uniform/). and Rohit Chopra and Hollister Petraeus, *The Next Front? Student Loan Servicing and the Cost to our Men and Women in Uniform*. CONSUMER FIN. PROT. BUREAU (Oct. 18, 2012) available at [https://files.consumerfinance.gov/f/201210\\_cfpb\\_servicemember-student-loan-servicing.pdf](https://files.consumerfinance.gov/f/201210_cfpb_servicemember-student-loan-servicing.pdf).

<sup>9</sup> Anthony Camilli and Joshua Friedman, *WARNO: New security clearance guidelines make it more important than ever for servicemembers to monitor their credit*, CONSUMER FIN. PROT. BUREAU (August 20, 2018), available at [www.consumerfinance.gov/about-us/blog/warno-new-security-clearance-guidelines-make-it-more-important-ever-servicemembers-monitor-their-credit](http://www.consumerfinance.gov/about-us/blog/warno-new-security-clearance-guidelines-make-it-more-important-ever-servicemembers-monitor-their-credit).

Debt collection practices often create a unique risk to servicemembers. We have seen in our complaints that some debt collectors threaten to report servicemembers to their chain of command to collect on a debt.<sup>10</sup> Too often this can occur for debts that the servicemember may not even owe.<sup>11</sup> We have also heard stories of servicemembers that pay off debt on accounts they don't owe just so it doesn't show up on their credit report.

## **2. The CFPB has worked to protect and empower servicemembers as they navigate the military financial lifecycle**

### **2.1. Protecting servicemembers from lenders who violate the law**

Since opening our doors, the CFPB has prioritized addressing the heightened risks servicemembers face in the financial markets and protecting them from the unique harms they incur when harmful practices go unaddressed. Here are just a few examples where the CFPB has taken legal action in just the past two years to ensure that financial institutions comply with existing military financial protections.

- In December 2020, the CFPB issued a consent order against Omni Financial of Nevada, Inc. The CFPB found that Omni violated the MLA's prohibition against requiring repayment of loans by allotment, among other violations. While Omni claimed that other payment options were available, the CFPB found that employees told servicemembers they were required to repay by allotment, and records show that 99 percent of active-duty servicemembers who took out loans repaid them via allotment.<sup>12</sup>
- In that same month, the CFPB sued LendUp for violating the MLA's 36% interest rate cap, requiring servicemembers to submit to arbitration, and failing to make required disclosures. The parties entered into a stipulated judgment in that action in early 2021. Later last year, the CFPB sued LendUp again for, among other things, violating a previous order. The parties entered into a stipulated judgment that resulted in a court order that prohibited the company from making new loans and collecting on outstanding loans.<sup>13</sup>

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<sup>10</sup> In the matter of Security National Automotive Acceptance Company 2015-CFPB-0027 (2015).

<sup>11</sup> See e.g. Courtney-Rose Dantus. *Servicemembers and debt collection: Sharing your stories* CONSUMER FIN. PROT. BUREAU (Sept 22, 2017) available at <https://www.consumerfinance.gov/about-us/blog/servicemembers-and-debt-collection-sharing-your-stories/>.

<sup>12</sup> In the matter of Omni Financial of Nevada, Inc, 2020-BCFP-0028 (2020).

<sup>13</sup> See Bureau of Consumer Fin. Prot. v. Lendup Loans, LLC No. 4:20-cv-08583 (N. D. of Cal. Jan. 1, 2021) and Consumer Fin. Prot. Bureau v. Lendup Loans, LLC No. 3:21-cv-06945-JSC (N. D. of Cal., Dec. 30, 2021).

- In November 2021, the CFPB filed a lawsuit against FirstCash, Inc. and Cash America West, Inc.<sup>14</sup> The CFPB alleges that FirstCash and Cash America West made pawnshop loans to active-duty servicemembers and their dependents that violated the MLA. The CFPB alleges that between June 2017 and May 2021, FirstCash and Cash America West made over 3,600 pawn loans from four of its stores to more than 1,000 servicemembers at rates that exceeded the MLA’s 36% interest cap, as well as other violations.

## **2.2. Helping servicemembers and veterans get answers about errors on their credit reports**

Errors on servicemember credit reports and the failure of national credit reporting companies to adequately address those errors is a critical military financial protection issue, and the subject of OSA’s recent annual report.<sup>15</sup> The report found that, in 2021, servicemembers submitted more than 17,000 credit or consumer reporting complaints, making it the top financial product for complaints.<sup>16</sup> When issues with credit reporting are not resolved, the consequences for servicemembers and military families can include additional costs to secure a loan for a car or housing, denial of security clearances, and even involuntary discharge. The CFPB found through its complaints that national credit reporting companies were not responsive to servicemembers’ requests for investigations. Complaints indicated that investigations took too long and failed to correct errors on credit reports. Servicemembers reported that they feared that inaccurate information such as erroneous medical billing information on their credit reports could cause irreparable harm to their careers.

The CFPB is continuing to monitor and if necessary, use its authorities to ensure credit reporting companies provide adequate and timely responses to our military families.

## **2.3. Servicemembers often face debt collection practices for medical bills they do not owe**

Despite the widespread expectation that a core benefit of military service will provide full coverage of medical expenses, servicemembers experience a range of debt collection and credit reporting activity related to medical bills. In 2021 alone, there were over 1,500 complaints from servicemembers related to incorrect medical bills on their credit reports.<sup>17</sup> As our recent report on complaint data revealed, servicemembers and their families continue to have problems with medical billings and collections.

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<sup>14</sup> Consumer Fin. Prot. Bureau v. FirstCash, Inc., and Cash America West, Inc., no. 4:21-cv-01251-P (N. D. of Tex. Nov. 12, 2021).

<sup>15</sup> *Office of Servicemember Affairs Annual Report January – December 2021*. Consumer Fin. Prot. Bureau (June 13, 2022) available at [https://files.consumerfinance.gov/f/documents/cfpb\\_osa-annual-report-2021.pdf](https://files.consumerfinance.gov/f/documents/cfpb_osa-annual-report-2021.pdf).

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

When servicemembers see a private provider (either through referral or emergency care), the medical billing process between the provider and TRICARE (the insurance program for active-duty military) can break down. The CFPB heard similar problems from members of the National Guard and reservists where providers did not bill the correct entity due to confusion over full-time military status. Providers often send the bill directly to the servicemember instead or straight to a debt collector if it is not paid right away.<sup>18</sup> The CFPB has documented some of the troubling collection practices used by unscrupulous debt collectors and the potential ramifications for active duty servicemembers.<sup>19</sup>

The same issues can occur when providers or third-party billing companies fail to work with the Veterans Choice Program (VCP) for services provided to veterans. However, I want to commend the Department of Veterans' Affairs (VA) for a major step they took towards protecting veterans and their families when the bills are owed to the VA. The VA has changed when it will report information on outstanding medical bills to credit reporting companies.<sup>20</sup> The VA's actions set a clear and important precedent for the health care industry. These actions will improve the lives of millions of veterans and will largely eliminate coercive credit reporting of medical bills as a debt collection technique for veterans, aside from problems relating to the Veterans Choice Program.

Of course, there's more work that needs to be done. While the national credit reporting companies agreed to remove most medical billing on credit reports by mid-2023, servicemembers cannot wait until then. There is no guarantee that the voluntary action by the national credit reporting companies will in fact help those servicemembers most in need of help in regard to coercive credit reporting of medical bills. We look forward to working with key stakeholders, including Congress, to address these issues.

### **3. We are on watch for new threats as the financial markets change**

My military career goes back just far enough to remember a time when we were paid in cash. Now, servicemembers can bank, borrow, and sign a contract for a wide range of financial products on their smartphone from almost anywhere in the world. The market is moving fast, and we need to ensure that protections for servicemembers keep pace. There is a wide range of risks that we are closely monitoring and we will continue to take action where appropriate. We are particularly concerned when servicemembers may be targeted by unscrupulous actors solely due to their military status. In every situation, we will ensure that companies comply with the laws

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<sup>18</sup> *Id.*

<sup>19</sup> See e.g., Consumer Fin. Prot. Bureau, *Servicemembers and debt collection: Sharing your stories* (Sep. 2017), available at [www.consumerfinance.gov/about-us/blog/servicemembers-and-debt-collection-sharing-your-stories/](http://www.consumerfinance.gov/about-us/blog/servicemembers-and-debt-collection-sharing-your-stories/).

<sup>20</sup> See Press Release, Veterans Affairs, VA establishes new threshold for reporting benefit and medical debt (Feb. 2022), available at [www.va.gov/opa/pressrel/pressrelease.cfm?id=5758](http://www.va.gov/opa/pressrel/pressrelease.cfm?id=5758). See also Consumer Fin. Prot. Bureau, New VA rule relieves financial distress for thousands of veterans with medical bills (Feb. 2022), available at <https://www.consumerfinance.gov/about-us/blog/new-va-rule-relieves-financial-distress-for-thousands-of-veterans-with-medical-bills/>. See generally Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020, Pub. L. No. 116-315 and Threshold for Reporting VA Debts to Consumer Reporting Agencies, 87 Fed. Reg. 5693 (Feb. 2, 2022) (to be codified at 39 CFR § 1.916).

we enforce and administer, and work to better understand how they are used by servicemembers and their families.<sup>21</sup>

In addition, in my time here I would like to discuss in more detail a few major issues that are particularly important: (1) ensuring the effectiveness and enforcing the Military Lending Act and (2) addressing abuses in the allotment system.

### **3.1. Ensuring the Military Lending Act functions as intended**

The Military Lending Act (MLA) remains one of the most important financial protections available to servicemembers and their families. Among other protections, the law limits the annual rate on loans to 36 percent and prohibits creditors from requiring a servicemember to submit to arbitration in the event of a dispute. The MLA is implemented by the DoD and Congress requires the DoD to consult with other regulators, including the CFPB on its regulations.<sup>22</sup> The CFPB and other regulators also supervise financial institutions with respect to the MLA, and when necessary, enforce the law. We believe the MLA and its implementing regulations have played a key role in addressing the negative effects of harmful lending practices directed at members of the military and their families.

The history of the MLA and its implementing regulations suggest, however, that those protections must be periodically reviewed to identify gaps in coverage and to prevent evasion. As we monitor the financial marketplace and engage with servicemembers and those that serve them, we have identified some areas where we think servicemembers and their families may be at risk. I am happy to share some of what we have learned so far. For example, it has come to our attention that some lenders may be structuring loans to servicemembers as purchase money loans to evade the MLA, which has an exclusion for loans offered for the express purpose of purchasing personal property and are secured by that property. We are also working to determine whether the implementation of the MLA's prohibition on mandatory arbitration is sufficient to protect servicemembers and their families from these provisions in credit contracts.<sup>23</sup> I want to commend the DoD for its work in implementing the MLA and updating the regulations since it was passed in 2006. As we learn more about how the MLA is working, we will continue to share information with the DoD and other regulators and provide whatever assistance is requested.

### **3.2. Preventing abuses of the military allotment system**

Military allotments function as direct deductions that are taken from servicemembers' pay before it hits their bank account and remains a concerning practice. Some lenders have used military allotments as a direct line to servicemembers' pay to collect payments before the servicemember

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<sup>21</sup> See, e.g. *Consumer Financial Protection Bureau Opens Inquiry into "Buy Now, Pay Later" Credit*. CONSUMER FIN. PROT. BUREAU (Dec 16, 2021), available at [www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-opens-inquiry-into-buy-now-pay-later-credit/](http://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-opens-inquiry-into-buy-now-pay-later-credit/) and Notice and Request for Comment Regarding the CFPB's Inquiry Into Buy-Now-Pay-Later (BNPL) Providers, 87 Fed. Reg. 3,511 (Jan. 24, 2022).

<sup>22</sup> 10 U.S.C. § 987(h)(3)

<sup>23</sup> A recent court found that a failure to disclose mandatory information under the MLA didn't amount to any real harm. See *Louis v. Bluegreen Vacations Unlimited, Inc.*, No. 21-CV-61938-RAR, 2022 WL 1793058 (S.D. Fla. June 1, 2022).

has a chance to see their money.<sup>24</sup> Though there are certainly beneficial aspects of the allotment system, the MLA has long prohibited creditors from requiring servicemembers to repay by allotment.<sup>25</sup> Since opening its doors, the CFPB has also taken action against several companies that have violated this prohibition.<sup>26</sup> In 2014, the CFPB and other financial regulators participated at the request of the Secretary of Defense in an interagency working group charged with curtailing abuses of the military allotment system. This working group found that over \$1.38 billion in military paychecks were funneled through nearly one million allotments to three institutions that were suspected abusers of the allotment system during a single fiscal year.<sup>27</sup> As a result, DoD made significant changes that prohibited new allotments to purchase, lease, or rent personal property like cars, furniture, and electronics.<sup>28</sup>

However, CFPB continues to receive complaints from servicemembers alleging that they were required to repay loans through allotment.<sup>29</sup> In some cases, we continue to see direct violations of the allotment prohibition. In other cases, we have received complaints from servicemembers who were required to repay loans through “allotment savings accounts.” Under this arrangement, lenders partner with banks to create such accounts and may allow them to circumvent allotment protections by funneling payments through these accounts.<sup>30</sup> DoD allotment protections aside, such conduct could raise questions about potential unfair, deceptive, and abusive acts or practices.

The CFPB recently published a blog outlining this problem and encouraging servicemembers to file complaints with the CFPB about lender allotment practices and noting that it will pursue allotment abuses.<sup>31</sup> We believe now is the time to review and analyze the significant work that DoD has already done in this space and determine what additional steps might be necessary to protect servicemembers from abuses of the allotment system.

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<sup>24</sup> Holly Petraeus, *What you should know about military allotments* CONSUMER FIN. PROT. BUREAU (Jun. 27, 2013) available at [www.consumerfinance.gov/about-us/blog/what-you-should-know-about-military-allotments/](http://www.consumerfinance.gov/about-us/blog/what-you-should-know-about-military-allotments/).

<sup>25</sup> 10 U.S.C. § 987(e)(6)

<sup>26</sup> See, e.g. *In the matter of Omni Financial of Nevada, Inc*, 2020-BCFP-0028 (2020), *In the matter of Fort Knox and Military Assistance Company* 2015-CFPB-0008 (2015), and *In the matter of U.S. Bank, National Association*, 2013-CFPB-0003 (2013).

<sup>27</sup> *New Allotment Rule Protects Troops from Lending Scams*, DEPARTMENT OF DEFENSE (Nov. 14, 2014) available at [www.defense.gov/News/News-Stories/Article/Article/603701/](http://www.defense.gov/News/News-Stories/Article/Article/603701/).

<sup>28</sup> *Id.*

<sup>29</sup> Patrick Brick, *Protecting servicemembers from abuses of the military allotment system*, CONSUMER FIN. PROT. BUREAU (June 2, 2022), available at [www.consumerfinance.gov/about-us/blog/protecting-servicemembers-from-abuses-of-the-military-allotment-system/](http://www.consumerfinance.gov/about-us/blog/protecting-servicemembers-from-abuses-of-the-military-allotment-system/).

<sup>30</sup> *Id.*

<sup>31</sup> *Id.*



### **3.3. Protecting servicemembers in auto lending and leasing**

To better protect those who serve in our military, Congress passed the Servicemembers Civil Relief Act (SCRA).<sup>32</sup> Among other protections, the SCRA provides specific safeguards for active-duty members facing repossession of their cars. While we know that many lenders take following the SCRA seriously, over the past five years the Department of Justice (DOJ) has sued multiple lenders for violating the law in their auto repossession practices.

The CFPB recently released a bulletin<sup>33</sup> outlining some concerns about auto loan servicing and wrongful repossessions with respect to all consumers. Additionally, it's less costly to repossess a car because many lenders now use certain technologies that make it easier to locate the vehicle, including starter-interrupt devices, GPS locators, and license plate recognition. We're concerned that the use of these technologies may disproportionately impact certain communities and we're taking steps to better understand their impact, including potential privacy concerns.

#### **4. Collaborating with other agencies to ensure that servicemembers are protected from harmful practices**

As part of our mandate under Dodd-Frank, OSA works closely with other agencies to protect servicemembers from harmful practices. We bring to these relationships firsthand experience, knowledge, and expertise with the military financial lifecycle. We also engage directly with servicemembers through virtual and in-person visits to military installations, roundtable discussions with military and veteran service organizations, military personal financial managers, and legal assistance staff. We bring an informed perspective grounded in real-world experience to military financial protections across the federal government.

I would like to provide several examples of how we work with other agencies to carry out this work. We work closely with the DoD and its Office of Financial Readiness, and I want to commend their leadership on so many of the issues we are discussing today. We also partner with the Federal Trade Commission (FTC) and the VA to help fight against fraud and scams that target our servicemember and veteran population. For example, last year we issued a consumer fraud alert on tips to avoid VA home loan scams that we saw were increasing due to the COVID-19 pandemic.<sup>34</sup>

The CFPB also holds periodic meetings with the DOJ, the Military Chiefs for Legal Assistance that fall under the Judge Advocates General's Corps (JAGC), legal assistance attorneys at key military installations, and professors from each of the three military JAGC schools. These

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<sup>32</sup> See Title 50 U.S. Code, Sections 3901-4043.

<sup>33</sup> *CFPB Moves to Thwart Illegal Auto Repossessions* CONSUMER FIN. PROT. BUREAU (February 28, 2022) available at [www.consumerfinance.gov/about-us/newsroom/cfpb-moves-to-thwart-illegal-auto-repossessions/](http://www.consumerfinance.gov/about-us/newsroom/cfpb-moves-to-thwart-illegal-auto-repossessions/).

<sup>34</sup> Patrick Brick, Carolyn Hahn, and Alberto Planas, *Consumer Fraud Alert - Tips for avoiding VA home loan scams* CONSUMER FIN. PROT. BUREAU (July 14, 2021) available at [www.consumerfinance.gov/about-us/blog/consumer-fraud-alert-tips-avoiding-va-home-loan-scams/](http://www.consumerfinance.gov/about-us/blog/consumer-fraud-alert-tips-avoiding-va-home-loan-scams/).

meetings, which commenced shortly after the CFPB opened its doors, help achieve a coordinated response to unlawful conduct targeted at servicemembers and their families.

One last example of our collaborative efforts was kicking off Military Consumer Month last week with our partners at the FTC, DoD, and DoJ.

## **5. Other resources for servicemembers**

### **5.1. Submitting complaints helps inform our work**

When servicemembers, veterans, and their families are facing financial hardship or harmful practices, we encourage them to submit a complaint. The CFPB's Office of Consumer Response accepts consumer complaints through our website, as well as by phone or mail. The CFPB forwards complaints directly to the company and works to get a response. If we determine that another government agency would be better able to assist, we will forward the complaint to them and let the servicemember know.

### **5.2. Ask CFPB provides military-specific resources to guard against scams and harmful practices**

At OSA, we believe that protecting servicemembers, veterans, and their families also means getting them the information they need when they need it. *Ask CFPB* is an interactive online tool on our website that can help servicemembers and consumers find clear, unbiased answers to their financial questions.<sup>35</sup> As soon as you start typing a question, the database's autocomplete feature begins to provide various search suggestions. You can also browse by product categories and tags. We have extensive answers to important questions related to common forms of fraud, such as identity theft, money transfer fraud, and foreclosure relief scams. We also have military-specific information on some of the unique financial protections available to servicemembers.

### **5.3. Educational Materials**

The OSA also analyzes and reviews ongoing and emerging financial issues that affect military consumers to develop educational factsheets, pamphlets, and other documents to provide relevant and timely information. Some of the key financial topics that the OSA has highlighted over the past year in our educational materials offered include SCRA, MLA, financial well-being of veterans, VA mortgage lending, foreclosure protections, medical billing disputes, and credit reporting/monitoring for servicemembers and veterans. Our flagship educational tool is the *Misadventures in Money Management*, an interactive training course that immerses servicemembers with real-life financial choices and the potential consequences of those choices.<sup>36</sup> Servicemembers can also reach our office through our military e-mail box at [military@cfpb.gov](mailto:military@cfpb.gov).

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<sup>35</sup> See [www.consumerfinance.gov/ask-cfpb/](http://www.consumerfinance.gov/ask-cfpb/).

<sup>36</sup> *Misadventures in Money Management*. CONSUMER FIN. PROT. BUREAU. Available at <https://www.consumerfinance.gov/consumer-tools/educator-tools/servicemembers/mimm/>

## **Conclusion**

There is no higher calling than the defense of our country, and the CFPB Office of Servicemember Affairs is proud to be a strong advocate for those who answer that call. I want to thank the Chairman, the Ranking Member, and other Members of the subcommittee for holding this important hearing and for the opportunity to appear before you.

I look forward to answering your questions.