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REPORT: MORTGAGE ABUSES LEADING SOURCE OF OLDER CONSUMER COMPLAINTS TO CFPB

Financial Choice Act Passed By House Threatens Consumer Bureau Protection of Older Americans --

[Report](#) and [Fact Sheet](#) are available at WWW.USPIRG.ORG.

Washington, DC - Mortgages were the leading source of 72,000 complaints to the Consumer Financial Protection Bureau from consumers 62 years of age and over, followed by complaints about credit reports and debt collection, according to a new report from the U.S. Public Interest Research Group (U.S. PIRG). Further, legislation that has been passed by the House and awaits Senate action is intended to cripple the Consumer Bureau and would place older consumers at greater risk of harm from financial scammers.

The bill, HR 10, the so-called Financial Choice Act, but more aptly called the “Wrong Choice Act,” rolls back the powers, funding and independence of the CFPB and it also weakens its pioneering Office for Older Americans. The bill also eliminates many other financial system reforms of the 2010 Dodd-Frank Act enacted after the second-worst financial crisis in the nation’s history.

“The Consumer Bureau has already taken numerous major enforcement actions against financial firms targeting older consumers,” said Bill Newton, deputy director of Florida Consumer Action Network, which released the report in Florida on behalf of Florida PIRG. “Gutting the CFPB makes it easier for financial scammers to move against older consumers, threatening their homes and retirement savings,” Newton continued.

“Older consumers can make tempting targets for predatory behavior in the financial marketplace,” said Bill Sauers, president of the Florida Alliance of Retired Americans. “Scammers may look to take advantage of their savings, home equity, or guaranteed income,” continued Sauers.

The report stated that older consumers facing a savings shortfall may be harmed by low-balance or overdraft fees at banks, or be tempted to take on credit or use products such as reverse mortgages, whose risks may not be fully understood.

Older Americans face many challenges when it comes to homeownership, financial management and paying off medical debts, leaving them vulnerable to financial predators. That can mean the difference between enjoying a comfortable retirement and having to choose between food, housing, healthcare, transportation or other necessities.

The groups said that older Americans often have unique needs from other consumers because of their relative financial maturity and the distinctive circumstances in which they need financial services.

This report by U.S. PIRG shows that the Consumer Financial Protection Bureau (CFPB) is just as important for older consumers as it is for younger consumers with predatory financing companies increasingly targeting the elderly. It shows the vital importance of the CFPB's Consumer Complaint Database, which not only forces companies to respond to their customers effectively, but also allows public interest advocates like U.S. PIRG to conduct critical empirical research that helps shine a light on areas of the market where policymakers need to focus.

Among the key findings of the U.S. PIRG and the Frontier Group report "Older Consumers in the Financial Marketplace: An Analysis of Complaints, and Results, From the CFPB" are the following:

- Mortgages account for 31 percent of complaints by older consumers. Other leading complaint categories were credit reporting (17 percent) and debt collection (17 percent).
- Eighty (80) percent of mortgage complaints concerned existing mortgages, but 5 percent of complaints were about reverse mortgages, loans solely available to older consumers that allow them to use their home equity as security. The risks of such products are not always fully understood by consumers.
- The Consumer Bureau has taken numerous enforcement actions against companies ranking high in complaints in the study:
 - Mortgage complaint enforcement actions have been filed against at least 3 mortgage companies ranked in the top ten of the report's finding, including Ocwen Loan Servicing, Nationstar Mortgage, and a company (Green Tree) that later merged with Ditech, which ranked sixth.
 - The Consumer Bureau has taken actions against all 3 of the major consumer reporting agencies (credit bureaus) ranked by complaint volume (Equifax, Experian and TransUnion).
 - The Consumer Bureau has taken actions against the top 2 debt collection companies ranked by complaint volume, Encore Capital Group and Portfolio Recovery Associates.
- The CFPB provides valuable resources through its Office for Older Americans, which works full time to help older consumers avoid bad deals, and find restitution when they are wronged.

"After the Equifax data breach, we looked closely at complaints from older Americans about credit reporting companies," said Gideon Weissman of Frontier Group, report co-author. "We found that for older consumers, credit reporting is the second-most complained about type of financial product. And two-thirds of those complaints allege inaccuracies on credit reports."

In conclusion, Ed Mierzwinski, consumer director of U.S. PIRG noted that "The so-called Financial Choice Act is the wrong choice for older Americans and all consumers because it takes away the CFPB's tools to protect us, allowing financial predators to run amok."

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U.S. PIRG is the federation of state Public Interest Research Groups. PIRGs are non-profit, non-partisan public interest advocacy organizations that stand up to powerful interests whenever they threaten our health and safety, our financial security, or our right to fully participate in our democratic society. On the web at www.uspirg.org. This report was prepared by its research and education affiliate, U.S. PIRG Education Fund, and the Frontier Group. This report is the 11th in a series of PIRG reports examining complaints in the Consumer Bureau's public database.

The Florida Alliance for Retired Americans (FLARA), a non-profit organization, actively pursues and promotes legislation and public policies that are in the best interest of current and future retired Floridians. Through the active civic involvement of its over 200,000 members,

Florida Consumer Action Network is a grassroots organization which empowers citizens to influence public policy by organizing and educating in areas where consumer voices are underrepresented.