

Immediate Release

June 2, 2016

Contact: Linda Frame, 304-720-8682

National Payday Lending Rule Has Potential Pitfalls for West Virginia

Advocates Say Rule Needs Work, Poses Problems for States with Stronger Laws

(Charleston) Today, the Consumer Financial Protection Bureau (CFPB) unveiled a proposal for a new national rule on payday and car title lending that purports to end the worst abuses of payday lending around the country, but could undermine the strong state usury and other consumer protection laws in West Virginia.

“Ninety million Americans – nearly a third of our country’s population – live in states that, like West Virginia, effectively ban predatory, high-cost payday loans, and we’re clearly all better off without them,” said Linda Frame with the West Virginia Center on Budget and Policy. “The CFPB’s proposed rule takes some very important steps toward protecting consumers from these high-interest debt traps. It needs to be stronger, however, to prevent payday lenders from making these loans without assessing whether the borrower has the ability to repay.”

“The CFPB should use its full authority to crack down on payday and other high-cost loans, and send a strong message that any kind of predatory lending is unacceptable,” said Frame. “This will deny the payday lending industry ammunition to disingenuously misrepresent that our nation’s consumer watchdog is giving predatory lending its seal of approval.”

“We urge the CFPB to issue a strong final rule that bolsters, and does not undermine, our state's protections, including by requiring an ability-to-repay assessment across the board and by declaring any violation of our state’s usury and other consumer protection laws an unfair, deceptive, and abusive act or practice.”

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