



News

Carlos Ortiz Analyzes in ARM Compliance Digest: Student Loan Servicer to Pay \$35M in Fines and Redress for Violating Consent Order

January 6, 2021

In the January 4, 2021 edition of the *ARM Compliance Digest*, Hinshaw partner Carlos Ortiz discussed a consent order issued by the Consumer Financial Protection Bureau against a student loan servicing company for violating a prior consent order in which it was accused of mis-stating minimum amounts due on billing statements and engaging in illegal debt collection practices:

To the relief of many, 2020 is over, but many regulatory agencies finished the year with a bang. From the SEC filing suit against Ripple and announcing a settlement against Robinhood, to the FDIC publishing a final rule regarding industrial loan company charters, to the CFPB issuing two consent orders against Discover Bank, the Student Loan Corp., and Discover Products in one instance, and Santander Consumer USA Inc. in the other. In the consent order involving Discover Bank and two of its subsidiaries, Discover will pay \$35 million arising from the CFPB finding that Discover did not comply with an earlier consent order involving it. The CFPB's concerns in this matter included allegedly withdrawing payments from more than 17,000 consumer accounts without proper validation, canceling payments for more than 14,000 consumers without notifying them, misrepresenting the minimum payments more than 100,000 consumers owed, as well as the amounts of interest more than 8,000 consumers paid. Discover explained that there had been issues with the migration of consumer data to a new student loan servicing platform, but stated that many of those issues had been fixed. The penalty is comprised of a \$25 million fine and \$10 million to be repaid to consumers. Many are predicting that with the incoming administration the CFPB will engage in more aggressive enforcement and seek higher penalties. Thus, investing in internal compliance will be of upmost importance for the financial services industry as we transition into 2021 and the years to come.

Read the full January 4, 2020 edition of the AccountsRecovery.net Compliance Digest.

Service Areas

Consumer Financial Services

Regulatory and Compliance Counseling