



Cash America to pay \$19 million - most in refunds - in CFPB's first payday action

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Cash America will pay \$19 million in customer refunds and fines for violating lending laws and then destroying records in an effort to keep the Consumer Financial Protection Bureau from investigating.

The bulk of the money -- \$14 million -- goes to wronged consumers.

In its first enforcement action against a payday lender, the CFPB pounded the Texas-based company for robo-signing debt collection lawsuits in Ohio and for overcharging 300 military members nationwide, in violation of the federal Military Lending Act. That law caps annual percentage rates on loans to active duty service members and their families at 36 percent.



Associated Press

The shocker in today's **enforcement action** was the allegation that the payday giant's online lending subsidiary, Enova Financial, deleted recorded calls with consumers, instructed employees to hide materials from the CFPB and shredded documents -- even after the CFPB warned it to stop.

The agency popped Cash America for \$5 million in fines for what it deemed "serious violations."

The CFPB is the first federal agency to have supervisory powers over payday lenders, which are more accustomed to state regulators, who, in states like Ohio, have had trouble reigning in payday excesses.

Last December, Cash America announced it was dropping pending collection suits, forgiving judgments and issuing refunds to as many as 14,000 Ohio customers it had sued.

How to get a refund

Consumers are eligible if they paid money because of a debt collection lawsuit filed by a Cash America subsidiary between Jan. 1, 2008, and Oct. 1, 2012.

Those subsidiaries are Ohio Neighborhood Finance, Inc.,

At the time, the company said the decision came on the heels of its discovery that legal documents in Ohio cases had been "improperly notarized." It said it had informed the Ohio Department of Commerce of the "technical errors."

In today's enforcement action, the CFPB said the robo-signing discovery came during a routine CFPB examination of the lender in mid-2012. The CFPB said that documents that were supposed to be fact-checked and signed by attorneys were signed by employees in their stead, without expert review.

The CFPB said the storefront lender had already voluntarily issued \$6 million in customer refunds but agreed as part of the enforcement action to kick in an additional \$8 million in restitution.

Ohio consumers are eligible if they paid money as a result of legal action by a Cash America subsidiary filed between from Jan. 1, 2008, through Oct. 1, 2012. Those suits would have been filed by Ohio Neighborhood Finance, Inc., d/b/a Cashland; Cash America Pawn, Inc., of Ohio; Cashland Financial Services, Inc.; Cash America Net of Ohio; Ohio Neighborhood Credit Solutions, Inc.; or CNU of Ohio. More information about the settlement is available at <http://bit.ly/CFPBCash>.

Cash America is involved in two significant battles in Ohio, including a legal case that could decide whether the state's lending laws are enforceable by the courts.

Cash America's Ohio Neighborhood Finance arm, which operates Cashland stores here, contends it can use other lending statutes to dodge the state's Short Term Lending Act, a 2008 law that caps interest rates on short-term loans to 28 percent.

Payday lenders - who make high-cost, short-term loans against a consumer's next paycheck - collectively ignore the 2008 law and routinely charge triple-digit interest.

Cash, which lost two rounds in lower courts, will theoretically be arguing on behalf of the entire industry when it faces off against Cleveland Legal Aid lawyers in front of the state Supreme Court next month.

Meanwhile Cash America's lobbyists have been trying to convince the state legislature to more than double the cost of pawn loans, a measure opposed by both pawn store owners and police chiefs.

Today's CFPB action against Cash America marks its first public enforcement action against a payday lender,

d/b/a Cashland; Cash America Pawn, Inc., of Ohio; Cashland Financial Services, Inc.; Cash America Net of Ohio; Ohio Neighborhood Credit Solutions, Inc.; or CNU of Ohio.

Cash previously issued some refunds because of the suits. Consumers who haven't received a refund can apply through the **Cash America refund site** or by calling Cash America at 1-877-524-8480.

The deadline is May 19, 2014.

If you experience a snag with a refund or have a payday lending complaint, **contact the bureau** at 1-855-411-2372.

as well as its first action under the Military Lending Act and its first action against a company for failure to comply fully with the CFPB's supervisory examination authority.

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