

## Congress Must Protect Veterans from Predatory Lenders

Since the American Revolution, states have limited interest rates to stop predatory lending. But predatory lenders are starting to launder their loans through banks to **evade state laws that make loans up to 179% APR illegal** (Bank loans are generally exempt from state rate caps). Although, active-duty service members and their families are protected by the Military Lending Act, which caps rates on consumer loans, **veterans are already being targeted by predatory lenders** that take advantage of evasion schemes. A rule by the Office of the Comptroller of the Currency (OCC), the regulator of the nation’s largest banks, effective last December protects these predatory lending “rent-a-bank” schemes and overturn centuries of caselaw allowing courts to look beyond ruses to the truth.

That is why the **Military Officers Association of America, Blue Star Families, Veterans for Education Success** along with [many, many others](#) support overturning the fake lender rule.

At least 10 high-cost consumer lenders, many of which operate payday or auto title brands—**American First Finance, Axxess Financial (Check ‘n Go, Allied Cash Advance), Check Into Cash, CURO (Speedy Cash, Rapid Cash), Duvera Billing Services (EasyPay), Elevate (Rise, Elastic), Enova (CashNet USA, NetCredit, OnDeck), Wheels Financial (LoanMart, ChoiceCash), OppLoans (OppFl), Applied Data Finance (Personify)**—are using five FDIC-supervised banks and one OCC-supervised bank to make high-cost rent-a-bank loans to consumers. **Consumers from every state have submitted more than 6,000 complaints about these companies to the Consumer Financial Protection Bureau, and more than 650 of those complaints come from servicemembers.**<sup>1</sup> Military, veterans, and their family can self-identify in complaints. In addition, consumers are asked to provide details about their complaint and can opt to disclose those narratives publicly. Below is just a sampling of these complaints from military and veteran families.

Veterans are speaking out against these predatory lenders beyond the consumer complaint database. One [disabled veteran surviving on a fixed income](#) got stuck in a 160% APR loan in California where the rate cap is about 36%. Veterans are not protected by the Military Lending Act and are targeted by predatory lenders. This new "fake lender" rule prevents state rate caps from protecting veterans from predatory lenders as well.

**Congress must overturn the OCC “fake lender” rule to prevent state usury laws in at least 45 states from becoming a “[dead letter](#)” and protect Veterans.**

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**California** Borrower, Elevate’s Rise: *“I received a loan of {\$4000.00} to be paid back @ {\$250.00} every 2 weeks. Instead of the loan going down after XXXX payments my loan amount went up to {\$4500.00} I was informed that they charge a " Per Diem " fee of anywhere from {\$16.00} to {\$20.00} per day till the loan is paid off. My APR was set at 148.03 %. I was also told some people are charged up to 299 % APR fee. Is this legal? I believe this company is offering predatory loans.If I pay them according to the way they are charging me the loan pay back is {\$11000.00}. Please Help before they ruin my credit!”* [#3491904]

**South Carolina** Borrower, Enova International Inc. (Net Credit): *“They went against the Military Lending Act and charged me 64.54 % annual percentage rate from XX/XX/XXXX-XX/XX/XXXX. {\$4000.00} quickly became {\$7500.00}.”* [#3642402]

<sup>1</sup> Consumer Financial Protection Bureau, Complaint Database search, (March 19, 2021).  
<https://www.consumerfinance.gov/data-research/consumer-complaints/>.

**Georgia Borrower, Enova International Inc.:** *"I applied for this loan-I don't recall the dates specifically, XXXX or XXXX to pay up my car insurance, after an injury, and being off work. I believe I asked for {\$3200.00} or {\$3500.00} for the loan amount. I received the interest rate information, but I was in desperate need, so I agreed to it.... I... lived for awhile on a monthly annuity. Well, the year is up and my annuity amount has changed DRASTICALLY. I'm now trying to get Social Security XXXX Insurance, and have to wait. In the meantime, I can't continue to pay for this NETCREDIT loan TWICE per month. I've written, them, I've called them... I KNOW the loan is mine, I've been paying it off, AND the exorbitant interest rates. It's terrible that company 's like this can do this to the working poor. I waited for a long time before actually accepting the money, and they " hunted " and quickly agreed to send it, but I knew THEN, I was in trouble. I'm NEVER gon na be able to pay this loan off! And it's ridiculous and unfair. I've worked 43 years of my life, and never needed one of these loans, and now I know I was right in my feeling of acceptance. PLEASE, TELL THESE PEOPLE TO JUST TAKE ONE PAYMENT PER MONTH. It's gon na prolong the loan, but at least I won't be afraid my necessary bills won't suffer as a result of this loan. NOW I pay my mortgage, car insurance, and bills. This is SURVIVAL MODE. I'm just asking for some assistance. And PLEASE, ask them to send me the TIME when the loan WILL BE PAID OFF! ...PLEASE HELP ME." [#3728257]*

**Minnesota Borrower, Personify Financial (AKA Applied Data Finance, LLC):** *"...I am currently paying an unbelievable interest rate. My loan details are as follows : Account Type Installment Loan Original Annual Percentage Rate ( APR ) 98.90 % Original Term 72... Current Interest Rate 93.50 % Current Payment Amount {\$410.00} Current Payment Frequency Monthly Amount Financed {\$5000.00} Outstanding Principal Balance {\$4800.00} Accrued Interest {\$510.00} Unpaid Fees {\$270.00} Total Outstanding\* {\$5600.00} I have been paying for over a year on this loan and now owe more than what the original loan was for." [#3579172]*

**Nevada Borrower, EasyPay (aka Duvera):** *"Utilized small loan service Duvera to assist purchasing a puppy with an understanding I would have until XX/XX/2020 to satisfy the amount due. Duvera assigned the loan to XXXX. XXXX applied an appalling amount of interest to the loan. In my constant calls they were unwilling the allow me to satisfy the account so that they could continue to charge insane and illegal amount of interest daily. Once I finally had satisfied the account, they continue to report me as having a monthly payment and balance due. I have called and again they are unwilling to assist by updating their reporting to the bureaus. I am requesting all interest refunded, and credit reporting updated to reflect as paid in full/satisfied. This reporting continues to negatively impact on my ability to receive credit. This company is engaged in continual predatory lending practices, and are acting maliciously against me. They need to be closed down! Where are consumer protections?" [#4078227]*

**Texas Borrower, CURO Intermediate Holdings:** *"I have two installment loans. One with SpeedyCash.com... I took out the loans in XXXX after starting a new job. I have made all of my automate payments as scheduled. Today I called for a payoff and settlement of the loans. That's when I found out that I have been paying primarily interest on the loans. I have already paid back the principal on both these loans. SpeedyCash.com loan was for {\$820.00} and I have paid back {\$1400.00} with a payoff of {\$730.00}...There was no way of getting off or this cycle. I called and told the companies that my wife had lost her job because of the COVID-19 I was offered to extend my payment by 5 days or make half of the scheduled payment. I asked if it was a way to settle the loan I was told no." [#3601712]*

**Utah Borrower, Enova International Inc.:** *"I called the company this morning to pay off my loan. They would not take a payment as my account is " under review " ( as it has been for at least three weeks ) and I can not access the website due to this " under review " status. However, while my account has been under review, they have continued to charge daily interest and take payments without issue every two weeks. When I asked if they could suspend interest charges until they allow me to pay off my account, I was told that I could request for them to refund all the accumulated interest once my account was no longer " under review, " a status which has an indeterminate timeline. In the meantime, they will continue to collect payments every two weeks and keep my account " under review " and continue to make money off a loan that I attempted to pay off." [#3761105]*