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CFPB and DOJ Send Clear Message Regarding Servicemembers to the Auto Industry



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Following the Consumer Financial Protection Bureau's [supervisory observations](#) that the auto finance industry seemed to be struggling with providing adequate consumer protections to servicemembers, the CFPB has joined with the Department of Justice to reach out directly to auto finance companies, emphasizing the importance of compliance with the Servicemembers Civil Relief Act ("SCRA"). While the DOJ is responsible for enforcing the SCRA, the CFPB provides support in terms of educating consumers and industry on how to comply with it, and may use its unfair, deceptive or abusive act or practice authority under the Consumer Financial Protection Act to itself address the failure to comply with the SCRA.

[In the letter](#) that was sent to a variety of auto finance and leasing companies, including banks, the industry was reminded that the protections of the SCRA extend not just to servicemembers but also to their dependents. Specifically, when companies undertake to repossess a vehicle, they have the burden of identifying whether a borrower is protected under the SCRA. In addition, the SCRA allows protected borrowers to terminate leases early, without penalty, as well as to reduce interest rates to 6% while the servicemember is in active duty.
