

# Consumer Action

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## Consumer Action Issues & Positions

### Financial services

*Regulatory reform.* Consumer Action is working to enact an independent federal agency to ensure the safety of financial products. We support the creation of a consumer financial protection agency with its own budget, authority to write rules and enforce them and to conduct examinations of financial services companies. We advocate for a national office of financial literacy that would oversee and fund financial literacy education. We oppose “carve outs” to exempt particular products or portions of the financial services industry from oversight by the consumer financial protection authority.

*Credit cards.* Consumer Action was instrumental in the development and passage of the CARD Act of 2009 and we welcome its cardholder protections against retroactive penalty rates, payment allocation, limits on fees and penalties, etc. We will continue to advocate for further protections for cardholders, including controls on binding mandatory arbitration provisions, attempts to circumvent the new credit card law, excessive increases in minimum payments, and one-sided contracts that favor issuers to the detriment of consumers.

*Automatic overdraft protection.* Consumer Action opposes any overdraft service that is automatically added to a consumer’s bank account without the consumer’s express permission. Consumer Action supports the widespread availability of overdraft protection services, established by consumers, through a link to an overdraft line of credit, credit card, or savings account, but only if such services prevent overdraft fees from being charged. We recognize that a reasonable transaction fee may be charged for the convenience when consumers choose to have traditional overdraft protection through a link to an overdraft line of credit, credit card, or savings account.

*Student loans.* Consumer Action supports efforts to end the unfair special bankruptcy treatment for lenders who saddle students and their families with high-risk, high-cost private student loans. We also believe that it is unfair that private student loans are not eligible for income-based repayment programs and loan forgiveness for public service.

*Payday loans.* We support legislation to cap interest rates, including all fees, at the federal level and allow states to set a lower cap.

*Debt settlement.* Consumer Action has asked the FTC to stop debt relief services from making unsubstantiated claims about results, telling consumers not to pay their creditors, and interfering with communications between creditors and consumers. We support the FTC proposal to prohibit payment in advance of any results. We also support a 90-day “money back” cancellation period.

*Binding mandatory arbitration.* Consumer Action works to prohibit corporate use of binding mandatory arbitration (BMA) clauses—legal requirements tucked into the fine print of contracts that force millions of consumers unwittingly to waive their right to access the courts. We have a record of successfully challenging consumer mandatory

arbitration requirements. With representation by Trial Lawyers for Public Justice, Consumer Action and Darcy Ting in 2003 prevailed as plaintiffs in *Ting vs. AT&T*, ensuring that AT&T will not impose mandatory arbitration on its California customers. As a plaintiff in the 1998 case *Badie vs. Bank of America*, Consumer Action was successful in its challenge of the unenforceability of a new, across-the-board arbitration requirement for all of the bank's existing deposit and credit card account agreements.

## **Housing and mortgage lending**

*Loan modifications.* Consumer Action supports improvements to the Making Home Affordable/ HAMP program, including: requiring loan modification evaluations before allowing foreclosures to proceed, speeding up the process to convert homeowners from trial modifications to permanent ones, and creating temporary bridge loans for unemployed homeowners.

*Predatory lending.* Consumer Action believes that the costs of predatory lending should not be borne by neighbors and municipalities and we advocate that the unfair, deceptive, or fraudulent practices of some lenders during the loan origination process should be regulated and closely monitored by law enforcement authorities. Consumer Action advocates for laws, rules and policies that will help victims of predatory loans to seek redress in the courts.

*Assignee liability.* The majority of mortgages are sold into a secondary market, bundled together and packaged as investments. Homeowners who get abusive loans cannot pursue justice because the eventual investors, or "assignees," have little or no legal accountability. Consumer Action advocates for laws, rules and policies that will allow victims of predatory loans to seek redress from mortgage investors in the courts.

## **Insurance**

*Health insurance.* Consumer Action advocates for health reform that will stop insurance companies from discriminating against people with pre-existing conditions by denying coverage or charging exorbitant premiums, that will establish an expanded marketplace where private plans would compete, and that would implement policies to protect consumers from abusive insurance company practices.

*Insurance.* Consumer Action works to ensure that insurers offer meaningful products, charge reasonable premiums, treat consumers fairly without discrimination and undue invasions of privacy, and settle all claims and disputes equitably.

## **Telecommunications**

*Telephone services.* Consumer Action works to ensure that all consumers have access to quality telephone services and that their phones are not used as avenues to cheat or defraud them or to invade their personal privacy. In this regard, we have worked to ensure the continuance of low-income assistance Lifeline telephone programs, the SafeLink wireless program for low income consumers and federal and state policies that can narrow the Digital Divide to allow consumers of all income levels to benefit from affordable and open broadband services.

*Net neutrality.* Consumer Action works to promote policies to ensure that people have access to a fast, affordable and open Internet. Net neutrality ensures that Internet service

providers don't discriminate on the online content and applications that customers want to access and provides for a level playing field for all websites and Internet technologies.

## **Privacy**

*Health IT.* Federal stimulus legislation included provisions for hospitals and doctors' offices to help them implement health information technology (health IT), but no funds were allocated for educating consumers about their role in understanding and using this new technology. Consumer Action is advocating for the highest standards in consumer rights, strong consumer dispute rights, effective disclosure and medical records security.

*Behavioral marketing.* Consumer Action advocates making the online advertising industry accountable to the public. An explosion of digital technologies is being used to track and target people while they browse online. We are concerned that behavioral tracking and targeting can be used without consumers' knowledge or consent to unfairly discriminate against them and to take advantage of vulnerable consumers.

*Data privacy.* Consumer Action works to ensure an environment in which individuals own and have the right to control their personal information. We believe that consumers should not have to agree to data collection and re-use by default, but that they must be given the right to "opt in" to having their "personally identifiable information" and other data used for marketing and other purposes unrelated to the original point of collection.

*National ID.* Consumer Action advocates against any policies that would create a de facto national identification card. We are concerned that even a voluntary requirement for nationally linked databases such as the current "Real ID" driver's licenses would subject people to increased scrutiny, unwarranted suspicion, and discrimination, and might open the data for use under unrelated purposes, including employment verification and immigration determination.

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