

Working Families: Issues statement on Speaker Ryan's effort to gut federal consumer protections

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Note: The House of Representatives passed H.J. Res. 111 on Tuesday, a resolution to repeal the new Consumer Financial Protection Bureau (CFPB) [rule](#) to restore consumers' ability to join together and hold banks and lenders accountable in class action lawsuits when they break the law.

"We are appalled that Paul Ryan is leading the charge to overturn laws written to protect hard-working Americans from financial industry rip-offs that have stolen billions from families," said Rebecca Lynch, political director of Wisconsin Working Families. "Paul Ryan is doing the bidding of his biggest contributors by leading the roll-back of protections for consumers trying to get back the money lost in financial scams. Instead of having the ability to sue, they will be forced to use a rigged arbitration system, which amounts to little more than a get-out-of-jail-free card for banks like Wells Fargo and payday lenders. The House's vote is intended to let the finance industry keep the bulk of what they steal and invites another financial crisis. By leading this effort, Paul Ryan shows that once again that he making a clear choice to hurt people on Main Street to further enrich the worst hustlers on Wall Street."

Background: On July 10, the Consumer Financial Protection Bureau (CFPB) issued a rule to restrict banks and lenders' use of forced arbitration — fine-print clauses in contracts for credit cards, bank accounts, and other financial products that prevent people from banding together to challenge fraud by big banks.

The vast majority of Americans don't even realize they've lost their right to sue when they sign a contract with a bank or lender. But these "ripoff clauses" require consumers to submit all disputes to an arbitrator paid by the company against whom they have a complaint in a secret proceeding.

The new rule comes after a three-year [study](#) by the CFPB concluded that only 9 percent of consumers who do seek arbitration win any relief, recovering an average of just 12 cents on the dollar. By contrast, companies win 93 percent of their cases and win 98 cents on the dollar.

Wells Fargo, the giant bank that opened millions of fake accounts in its customers' names without their permission, has [relied heavily](#) on forced arbitration to prevent the public from knowing details of its wrongdoing. The vast majority of payday and private student lenders also use forced arbitration, leaving consumers with no viable alternative.

The [Congressional Review Act](#) allows Congress to repeal a regulation if both chambers pass a resolution of disapproval and the President signs it. While the House voted to repeal the rule today, the resolution faces an uncertain fate in the Senate.