

WISPIRG, Wisconsin Catholic Conference: Rent-to-Own Carve-Outs Good for Predatory Lenders, Bad for Wisconsinites

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Advocates Urge Rejection of AB759; Would Exempt Rent-to-Own from Consumer Protections

MADISON – A bill moving through the state legislature would eliminate crucial consumer protections and transparency requirements for rent-to-own (RTO) customers by exempting the entire RTO industry from the Wisconsin Consumer Act. Consumer attorneys and advocates, faith constituencies, and groups representing low-income clients vehemently oppose these carve-outs that will encourage predatory RTO lenders to operate in the state.

Rent-to-own agreements require customers to make weekly or monthly payments in order to immediately take home merchandise such as furniture, appliances or consumer electronics. Consumers have the option of owning the merchandise outright after a required number of payments, with astronomical interest rates. A 2013 [WISPIRG survey](#) found that rent-to-own businesses routinely charge customers 1½ to 12 times what consumers would pay in a traditional retail store for the same merchandise.

“AB759 and the proposed amendment dramatically weaken rent-to-own customers’ rights,” said Sarah Orr, Director of the Consumer Law Litigation Clinic at the UW Law School. “For example, they require a customer to get a court order before seeking

other legal remedies for deceptive practices. The Wisconsin Consumer Act does not require a prior court order. Also, they allow a rent-to-own company to force customers to pay its legal fees in the event of a dispute. The Wisconsin Consumer Act forbids this. Finally, the bill sets rent-to-own customers back decades by permitting companies to repossess goods without adequate notice. These three changes alone not only will prevent consumers from standing up for their rights but also allow unscrupulous rent-to-own businesses to open and thrive in Wisconsin. Moreover, this bill and proposed amendment do nothing to curb high interest rates charged by Get It Now! and similar businesses that the authors say they intend to address.”

Since RTO purchases are high-interest transactions, the Wisconsin Consumer Act requires RTO companies to disclose interest rates to customers. It also guarantees critical protections regarding repossession, debt collection and misleading contract terms, and it offers remedies for harmed consumers. AB759 and its companion SB637 would take away these protections and replace them with inferior provisions, leaving Wisconsinites vulnerable to the predatory tactics that national RTO companies like Rent-A-Center use in many other states that have passed similar laws.

Rent-A-Center has come under intense scrutiny for its predatory and in some cases illegal practices in recent years:

- The Federal Trade Commission (FTC) alone received 2,779 complaints from consumers about Rent-A-Center between 1/2016 and 6/2017, as [reported](#) by the Texas Tribune. More than 90 percent of these complaints were about aggressive collection and repossession practices.
- In 2010, Rent-A-Center [settled a suit](#) with Washington State after being accused of illegally harassing customers with aggressive collection tactics.
- In 2006, the company [settled](#) with the State of California after being accused of misrepresenting the true cost of its RTO products, and of using deceptive marketing.
- Meanwhile, Ohio Attorney General Mike DeWine urges consumers to [stay away from Rent-A-Center](#) because of the company’s practices, and he has [called for stronger regulation](#) of the industry.

“Proponents of AB759 say it’s good for consumers. Tell that to the thousands of Americans who have been illegally harassed and cheated, or had their finances ruined by Rent-A-Center and other companies that are pushing to be exempt from our consumer laws,” said Peter Skopec, WISPIRG Director. “The Wisconsin Consumer Act is working just like it should: It keeps bad actors out of Wisconsin

while allowing reputable rent-to-own companies to operate. Let's keep it that way." "We know from our charitable work that those who are least able to pay for goods often end up paying the most," said Kim Wadas, Executive Director of the Wisconsin Catholic Conference. "Government policy should focus on combatting this, rather than compounding it."

Peter Bakken, Coordinator for Public Policy at the Wisconsin Council of Churches, concluded, "There are responsible RTO businesses operating successfully under Wisconsin's current consumer protections, so we don't see any need for this legislation. Instead, we're afraid that removing RTOs from the Wisconsin Consumer Act will open the door to predatory practices that will make it even harder for persons and families in poverty to meet their needs."