

Dept. of Justice: Attorney General Kaul sues OneMain Financial for alleged bait and switch lending scheme involving hidden add-on products

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13 States Seek Hundreds of Millions of Dollars in Restitution, Penalties; Ask the Court to End the Allegedly Unlawful Conduct

MADISON, Wis. – Attorney General Josh Kaul and 12 other state Attorneys General announced a [lawsuit](#) against OneMain Financial, Inc. and related entities alleging that the installment lender charged consumers nationwide hundreds of millions of dollars in hidden fees and interest.

As alleged in the complaint, with 27 branches operating in Wisconsin, OneMain Financial advertises high-cost installment loans with “clear, upfront terms,” but it packs those loans with hidden insurance policies and other add-on products that inflate the cost of the loans by hundreds or thousands of dollars. As alleged, OneMain rushes consumers through fine-print loan documents containing the dense terms and conditions of the add-ons. OneMain allegedly often hides the add-ons, sometimes misrepresents them, or even charges consumers who outright reject them.

“Folks shouldn’t end up paying more due to add-ons they weren’t intending to purchase,” said AG Kaul. “Consumers should have a clear understanding of what they’re purchasing.”

The lawsuit alleges the following:

- OneMain does not advertise that it sells add-on products, so consumers who come through its doors have no reason to expect the company to push these products.
- OneMain has written policies that purport to prevent unlawful add-on packing, but the company's actual processes operate nothing like its written policies.
- OneMain puts financial pressure on its employees to pack add-ons.
- OneMain rushes consumers through a loan closing process in which its employees often control the computer screen that shows the loan documents. This does not allow the consumer time to review each page of the loan application as the employee scrolls through the contract.
- OneMain buries the fine print that mentions the add-on products inside 50 pages of legalese, which OneMain prevents consumers from reading before accepting the loan contract.
- OneMain often closes loans on smart phones, where already small print shrinks to an illegible size.
- OneMain also misleads consumers when encouraging them to refinance their loans by tacking on add-on products and by hiding key terms.

With this lawsuit, AG Kaul and the coalition are seeking restitution for impacted consumers, penalties for alleged violations of state law, and the release of profits shown to be obtained unlawfully. The lawsuit also seeks a court order preventing OneMain from continuing its allegedly illegal practices and ordering OneMain to withdraw any negative information reported to credit agencies that may impact its customers' credit scores and to abandon any legal proceedings against customers related to the add-on loan products.

Any consumers who believe that they or someone they know may be a victim of the business practices of OneMain Financial should file a complaint with the Wisconsin Department of Financial Institutions online at <https://dfi.wi.gov/Pages/Home.aspx>.

Joining Attorney General Kaul in this lawsuit are the Attorneys General of Colorado, Maryland, Nevada, New Hampshire, New Jersey, New York, North Dakota, Oklahoma, Pennsylvania, South Dakota, Virginia, and Washington.