

**Testimony of Richard Cordray**  
**Director, Consumer Financial Protection Bureau**  
**Before the Senate Committee on Banking, Housing, and Urban Affairs**  
**July 15, 2015**

Chairman Shelby, Ranking Member Brown, and Members of the Committee – thank you for the opportunity to testify today about our latest Semi-Annual Report to Congress. We appreciate your continued oversight and leadership as we work together to strengthen our financial system and ensure that it serves consumers, responsible businesses, and the long-term foundations of the American economy.

Next week marks five years since the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act and four years since the Consumer Bureau opened its doors. As you know, Congress created this agency in response to the financial crisis with the purpose and sole focus of protecting consumers in the financial marketplace. We understand our responsibility to stand on the side of consumers and ensure they are treated fairly. Through fair rules, consistent oversight, appropriate enforcement of the law, and broad-based consumer engagement, the Consumer Bureau is working to restore people’s trust and confidence in the markets they use for everyday financial products and services.

To date, the Bureau’s enforcement activity has resulted in more than \$10.1 billion in relief for over 17 million consumers. Our supervisory actions have resulted in financial institutions providing more than \$178 million in redress to over 1.6 million consumers. And we have now handled more than 650,000 complaints from consumers addressing all manner of financial products and services. These consumers are your constituents in each of your states. For example, one excerpt of a complaint narrative from a servicemember in Alabama reads:

We opened an account....We paid as agreed until we became unable to pay the full amount....We made an agreement to pay a lesser amount per month and kept paying via allotment. [The company] got a judgement against us while I was training. I was not served with a judgment prior to court or after...I was informed of it when my wages began to be garnished....We have asked repeatedly to have this issue fixed....We have in total paid this company nearly \$25,000 over the past 11 years for a couch and loveseat, computer hutch, table and chairs. The furniture has not lasted, however the payments and ruin continue....We need assistance as we have tried every other step possible to fix this without aid.

Another excerpt, from a consumer in my home state of Ohio, reads:

[I] elected and agreed to a Reduced Rate Payment Plan with [a student loan servicer]. In addition to being charged incorrect interest rates, my monthly payment was incorrectly allocated which is resulting in late fees and a delinquency notice. After speaking with.... customer service representatives and a call time of....hours, no resolution had been reached.

In this, our most recent Semi-Annual Report to Congress and the President, we describe the Bureau's efforts to achieve our vital mission on behalf of consumers, including those in your home states and mine. During the timeframe covered by the report, we have helped secure orders through enforcement actions for more than \$19 million in relief to consumers who fell victim to various violations of consumer financial protection laws, along with over \$32 million in civil money penalties. For example, we took action against a company for illegal debt collections practices resulting in \$2.5 million in relief for servicemembers. We also stopped an illegal kickback scheme for marketing services, which resulted in \$11.1 million in redress for wronged consumers. We also worked with the Department of Education to obtain \$480 million in debt relief to student loan borrowers who were wronged by Corinthian Colleges, a for-profit chain of colleges that violated the law and has since declared bankruptcy.

During the reporting period, the Bureau also issued a number of proposed and final rules. In October 2014, we issued a final rule to reduce burdens on industry by promoting more effective privacy disclosures from financial institutions to their customers. In November 2014, the Bureau issued a Notice of Proposed Rulemaking to provide strong new federal consumer protections for prepaid cards and accounts. In December 2014, the Bureau issued a proposal to clarify various provisions of its mortgage servicing rules. In January 2015, the Bureau proposed further changes to some of our mortgage rules to facilitate mortgage lending by small creditors, particularly in rural or underserved areas. This would increase the number of financial institutions able to offer certain types of mortgages in rural or underserved areas, and help small creditors adjust their business practices to comply with the new rules.

As a data-driven institution, the Consumer Bureau published several reports during this reporting period that highlight important topics in consumer finance such as medical debt, arbitration agreements, reverse mortgages, and consumer perspectives on credit scores and credit reports. We also released a new "Know Before You Owe" mortgage toolkit that will help encourage consumers to shop for mortgages and better understand how to go about buying a home.

In the years to come, we look forward to continuing to fulfill Congress's vision of an agency that is dedicated to cultivating a consumer financial marketplace based on transparency, responsible practices, sound innovation, and excellent customer service.

Thank you for the opportunity to testify today. I look forward to your questions.