

Congress Moves to Take Away Consumers' Right to Day in Court

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House, Senate launches effort to repeal CFPB rule limiting forced arbitration clauses that block class actions against banks, payday lenders

WASHINGTON, D.C. - Today, Senator Mike Crapo (R-ID) and Congressman Jeb Hensarling (R-TX) announced that the Senate and House have introduced resolutions to use the obscure Congressional Review Act (CRA) to block a new Consumer Financial Protection Bureau (CFPB) rule that would restore critical consumer rights. The CFPB's rule, released last week, prohibits the use of forced arbitration clauses in financial service contracts with class action bans. Congress now has 60 legislative days to repeal the consumer watchdog's rule by a simple majority vote.

"Senator Crapo is doing the bidding of Wall Street by jumping to take away our day in court and repeal a common-sense rule years in the making," said Lauren Saunders, associate director of the National Consumer Law Center. **"None of these Senators would want to look a Wells Fargo fraud victim in the eye and say, 'you can't have your day in court,' yet they are helping Wells Fargo do just that."**

The CFPB final rule came after a multi-year study into the use and outcomes of arbitration and a lengthy comment period following the release of the proposed rule last year. Acting in the best interests of consumers, the CFPB moved to restore our constitutional right to a trial by jury when addressing a dispute with a bank or predatory payday lender.

"From 2008 to 2012, at least 160 million class members were eligible for \$2.2 billion in relief from financial wrongdoing after deducting attorneys' fees-compared to less than \$200,000 a year for a few dozen people awarded in arbitration," Saunders said.

Barring forced arbitration clauses in contracts with class action bans allows individuals to join together with other victims of fraud and wrongdoing to hold violators accountable, something Wall Street banks and predatory lenders are fighting tooth and nail to prevent.

"Wells Fargo used a forced arbitration clause in their contracts to hide widespread wrongdoing for years from the public by sidestepping our justice system," said Saunders. **"The ink is barely dry on the CFPB rule that will restore consumer rights and Congress is already carrying water for Wall Street lobbyists to block it."**