

Practice Update

CFPB Encourages Financial Institutions And Debt Collectors To Permit Stimulus Payments To Reach Consumers

March 19, 2021

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The Consumer Financial Protection Bureau [this week](#) urged financial institutions and debt collectors to allow federal stimulus payments to reach consumers. Although the CFPB did not issue any new requirements or specific guidance regarding these payments, it stated its intention to closely monitor the status of relief payments to consumers.

As part of the American Rescue Plan Act of 2021, Congress authorized a third round of direct stimulus payments to consumers, known as Economic Impact Payments. In his statement, Dave Uejio, Acting Director of the CFPB, stated this week that “[t]he CFPB is ... concerned that some of those desperately needed [stimulus] funds will not reach consumers, and will instead be intercepted by financial institutions or debt collectors to cover overdraft fees, past-due debts, or other liabilities.”

Acting Director Uejio noted, however, “many financial [institutions] in dialogue with the CFPB have said they want to work with consumers struggling in the pandemic. Many of these organizations have told us they have begun or soon will take proactive measures to help ensure that consumers can access the full value of their stimulus payments. If payments are seized, many financial institutions have pledged to promptly

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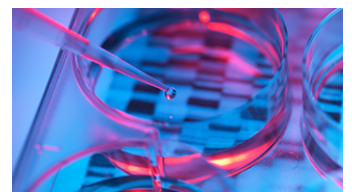
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restore the funds to the people who should receive them.” The CFPB reiterated that it will continue to “closely monitor” complaint data and other information available to it to make sure that consumers can access their relief payments.

Banks, servicers, and other financial institutions should take steps to address this guidance. Entities subject to CFPB’s supervisory authority should be prepared to answer questions about their treatment of Economic Impact Payments during upcoming examinations. Lenders and servicers should also consider carefully monitoring customer communications and complaints for concerns related to Economic Impact Payments.

Industry Resources

The CFPB issued the COVID-19 Prioritized Assessments Special Edition of Supervisory Highlights in January 2021, which includes their observations related to deposit accounts and stimulus payments during the COVID-19 pandemic.

We will continue to monitor for new guidance from federal regulators regarding the pandemic and its impacts. Our interactive foreclosure and eviction suspension map, court closure map, RON updates, and more resources are available at our Coronavirus Resource Center.

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