# UK Supreme Court Backs Consumer Financial Protection Bureau's Funding Approach



**Supreme Court Upholds Consumer Financial Protection Bureau's Funding Method**

On May 16, 2024, the U.S. Supreme Court ruled in favor of the Consumer Financial Protection Bureau (CFPB) by rejecting a challenge to its funding structure. The decision was made with a 7-2 majority, with Justice Clarence Thomas writing the majority opinion.

The CFPB was created as part of the 2010 Dodd-Frank Act to regulate consumer finance activities, including mortgages, credit cards, and car loans. It is funded by the Federal Reserve System rather than through the annual Congressional appropriations process, drawing up to 12% of the Federal Reserve’s operating expenses, which amounted to $641.5 million in the 2022 fiscal year.

The case originated from payday lenders who objected to a regulation limiting withdrawal attempts from borrower accounts. They contended that the CFPB's funding mechanism violated the appropriations clause of the U.S. Constitution, which stipulates that no money shall be drawn from the Treasury without a law. The U.S. Court of Appeals for the Fifth Circuit had previously ruled in favor of the payday lenders, stating that the bureau’s funding method was unconstitutional.

Justice Thomas concluded that the CFPB’s funding met constitutional requirements, stating that the appropriations clause allows for statutory authorization of public money expenditures from specific sources for designated purposes. Justices Samuel A. Alito Jr. and Neil M. Gorsuch dissented, expressing concerns about unchecked financial autonomy.

The ruling affirms the bureau's ability to continue its operations and enforcement actions undertaken over the past 13 years. The case, officially titled Consumer Financial Protection Bureau v. Community Financial Services Association of America, No. 22-448, marks a significant judicial endorsement of an agency designed to protect consumers following the 2008 financial crisis.