# Supreme Court Ruling Strengthens CFPB's Crackdown on Predatory Lenders



**Supreme Court Ruling Reinvigorates CFPB's Actions Against Payday Lenders**

The Consumer Financial Protection Bureau (CFPB) plans to resume its stringent measures against payday lenders and other companies offering high-cost, short-term loans following a Supreme Court ruling that validated its funding mechanism. The ruling, delivered earlier this week, dismissed a challenge to the agency’s funding structure and cleared a significant legal hurdle for the CFPB's operations.

Rohit Chopra, CFPB Director, stated that the agency will now advance a broader agenda to address predatory lending, aiming to penalize companies that had previously avoided accountability. This comes after a 2017 dispute wherein the CFPB issued rules to prevent payday lenders from offering unaffordable loans. Under the Trump administration, some protections were removed, prompting lenders to file a lawsuit that eventually brought the case to the Supreme Court.

The Supreme Court decided in favor of the CFPB's funding structure, allowing the bureau to draw its budget from the Federal Reserve instead of relying on annual Congressional appropriations. This decision resolves a significant challenge that had slowed the CFPB's enforcement actions and emboldens the agency to implement its regulation plans.

One of the primary actions set to move forward is the CFPB’s long-postponed payday lending rules, which are designed to stop payday and car-title lenders from making repeated withdrawal attempts from customers’ bank accounts. This rule aims to prevent borrowers from facing multiple failed payments and consequent bank overdraft fees.

The CFPB also intends to continue work on at least 14 lawsuits and investigations that had been stalled. These cases involve short-term lenders and other companies accused of extracting large fees from customers, including military personnel and low-income families. Notable among these is the case against ACE Cash Express, a lender sanctioned for allegedly earning $240 million from illegal practices.

In response to the Supreme Court decision, President Biden praised the CFPB, highlighting its role in delivering $9 billion in consumer relief. However, some Republicans, such as Rep. Patrick T. McHenry, criticized the ruling and indicated intentions to limit or dissolve the bureau if the political landscape shifts in their favor in the 2024 elections.

The payday lending industry, represented by the Community Financial Services Association of America, plans to continue its opposition. Despite the legal affirmation, major financial institutions and lobbying groups have expressed their intentions to challenge the CFPB through other legal avenues.

As the CFPB prepares to renew its enforcement efforts, Chopra confirmed plans to expand the agency’s law enforcement office and address additional consumer protection issues using its rule-making authority. The agency's reaffirmed legal standing appears poised to reignite its focus on protecting consumers from exploitative financial practices.