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CFPB Fines Auto Lender $1.25M For Flouting Settlement

By **Martin O'Sullivan**

Law360, New York (April 26, 2017, 5:50 PM EDT) -- The U.S. Consumer Financial Protection Bureau said Wednesday it has fined an Ohio-based automobile lender $1.25 million for failing to adhere to a 2015 settlement of claims the lender used threats to collect on debts of military service members.

The CFPB **in October 2015** ordered Security National Automotive Acceptance Co. LLC to pay $3.3 million in redress and penalties for, among other things, trying to collect on debts of military service members by threatening to inform superiors that the service members violated the Uniform Code of Military Justice. The agency said Wednesday that SNAAC has since failed to dole out more than $1 million in refunds and credits, necessitating another penalty against the company.

"This company violated a [CFPB] order when it failed to get money back to servicemembers it had hounded with illegal debt collection tactics," CFPB Director Richard Cordray said in a release. "We are making sure this company finally rights its wrongs."

The CFPB said that the lender had violated the earlier order by, among other things, issuing essentially worthless credits to settled or discharged accounts. The agency said that SNAAC must pay $720,000 in refunds to consumers, $370,000 in credits, and $75,000 to the agency for distribution costs, all in addition to the new $1.25 million penalty.

The bureau had first sued SNAAC in June 2015 for allegedly violating the Consumer Financial Protection Act through the company's collection practices.

According to the complaint, collectors would call or write service members' superiors with details of the debts and delinquencies, asking for help to collect and saying the delinquencies were violations of U.S. Department of Defense or military instructions, standards or regulations and were subject to UCMJ action. These calls often went to multiple officers up the chain of command, even after service members requested they stop, the CFPB said.

SNAAC told service members that these violations could lead to demotions, loss of promotions, discharge, denial of re-enlistment, loss of security clearance or reassignment, the agency alleged.

The CFPB in October 2015 settled with SNAAC, ordering it to pay $2.28 million in redress to service members and other customers and a $1 million penalty.

SNAAC did not respond to a request for comment Wednesday.

Counsel information was not available.

The case is In the Matter of Security National Automotive Acceptance Co. LLC, case number 2017-CFPB-0013, before the U.S. Consumer Financial Protection Bureau.

--Additional reporting by Dani Kass. Editing by Edrienne Su.