

Opening Statement of Chairman Sherrod Brown
Hearing on “Ensuring Financial Protection for Servicemembers, Veterans, and Their Families.”
November 2, 2023

The Banking, Housing, and Urban Affairs Committee will come to order.

As we approach Veterans’ Day next week, we are all reminded of the unique challenges that servicemembers and their families face as they serve our nation.

Families spend months, if not years, apart. Servicemembers miss birthdays, little league games, recitals, anniversaries.

They move frequently. Spouses have to look for new jobs again and again—preventing them from building seniority in the workplace. When I meet children of servicemembers in Ohio and I ask where they’re from, they’ll often say something like, “I’m from everywhere.”

And of course, all this is on top of putting their lives on the line to protect our country.

As Americans, we respect and honor servicemembers. But some financial services companies see servicemembers as another mark, as an opportunity to take advantage and make a quick dollar.

It’s as reprehensible as it is cynical.

On top of the work they already do, servicemembers and their families must watch out for fraudsters, identity thieves, predatory lenders, negligent credit reporting agencies.

This costs members of our military more than just money.

If a bad mark shows up on their credit report, they could lose their security clearance and their job. 80 percent of security clearance revocations are related to financial difficulties.

This kind of exploitation is why many of us on this committee have taken action – like the Fair Debt Collection Practices for Servicemembers Act. Senator Warnock and I led that bill to protect servicemembers by cracking down on the ways predatory debt collectors harass and threaten servicemembers, and it passed the Senate as part of the National Defense Authorization Act.

Or the VA Home Loan Awareness Act, our bipartisan bill with Senator Braun, to make sure our veterans are informed about the VA home loan benefit when they apply for a loan.

Or look at the Guard VA Benefits Act – my bill with Senator Tester and Senator Crapo and Senator Lummis to crack down on companies that prey on veterans and try to steal their benefits.

And of course, it's why we created the Consumer Financial Protection Bureau, with a specific Office of Servicemember Affairs. One of the most important things the CFPB does is protect servicemembers and veterans.

In 2006, the Department of Defense released a landmark report on predatory lending showing how shameless some companies are.

DOD told us that payday, auto title, and other lenders were using deceptive techniques to draw in young servicemembers and sell them bad loans with predatory interest rates as high as 100 percent.

In Georgia, a single mother who was active-duty Air Force went to a payday lender for \$400. She eventually declared bankruptcy after paying \$3,000 on that initial \$400. That's equivalent to more than 650 percent interest.

It was clear we needed an agency that would take on these special interests to protect the bank accounts and the jobs of our servicemembers, veterans, and their families.

And that's exactly what the CFPB has been doing. Every year, tens of thousands of servicemembers go to the CFPB seeking assistance or reporting a complaint—and the CFPB goes to bat for them, working to get their money back or fix the problem.

You really can't say you support veterans and military families, while trying to dismantle the CFPB.

The most common issue servicemembers complain about is credit reports. In 2022, they sent in nearly 36,000 complaints on this to the CFPB.

Inaccurate credit reports are no minor matter. They can ruin people's financial futures. For servicemembers that is particularly true: an inaccurate credit score can cause them to lose their clearances.

And these errors often come from medical debt, which shouldn't even be on credit reports at all.

I have called for medical debt to be removed from credit reports, and the CFPB has started working to eliminate all medical debt from credit reports.

Identity theft is also a major concern for servicemembers—they report more cases of identity theft than other consumers. All of their travel and moving frequently makes them an easy target.

This is why credit monitoring is so important for servicemembers.

Active duty servicemembers are entitled to free credit monitoring services, but according to CFPB complaints, credit reporting agencies – no surprise here – keep steering servicemembers to expensive products.

In other instances, lenders fail to honor interest rate caps or reductions that servicemembers are entitled to through the *Servicemembers Civil Relief Act (SCRA)*.

That law guarantees servicemembers and their families a reduction in interest rate on any pre-service loans.

Yet members of the Reserves and National Guard get rate reductions for fewer than 10 percent of auto loans and 6 percent of personal loans.

Servicemembers and their families are paying more money out of their pocket than they should—around \$100 million more between 2007 and 2018.

The Military Lending Act is another important law we passed to protect servicemembers and their families. It caps interest rates at 36 percent on consumer credit for military families.

Earlier this year, the CFPB took action against TitleMax for charging nearly three times more than the 36 percent cap.

The CFPB ordered TitleMax – a repeat offender – to pay back \$5 million to servicemembers and their families.

Let's be clear: without the Consumer Protection Bureau, those military families would never have gotten that money back.

The CFPB's complaint portal is a powerful tool for empowering military families to stand up to the companies that try to scam them. When the CFPB gets a complaint, it passes it immediately along to the company responsible and requests a response.

There is no other federal agency or any other organization that does that – with that level of responsiveness and efficiency, and that ability to take on big corporations and shady lenders.

It's how the CFPB has returned more than \$175 million to servicemembers and veterans.

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You really cannot say you support veterans, you support servicemembers while trying to tear down the CFPB.

Protecting the Consumer Financial Protection Bureau is vital to protecting military families from corporate abuse – and it's exactly why Wall Street and those powerful special interests have spent more than a decade trying to kill it.

These corporate interests have made it clear that they will not clean up their act on their own – and they will fight anyone who tries to make them.

Military families don't have high-priced lobbyists. They don't have corporate lawyers. But they can count on the Consumer Financial Protection Bureau – and they ought to be able to count on all of us in this room.

I hope that today we can illustrate just how necessary military consumer protection laws and the CFPB are to the well-being of the servicemembers and families and how Congress can act to

protect servicemembers, veterans and their families—who put everything on the line for our country—from bad actors and scams.