



Press Release

CFPB Sues Credit Repair Company for Misleading Consumers and Charging Illegal Fees

CFPB Alerts Consumers About Potentially Misleading Credit Repair Services

SEP 23, 2016

Washington, D.C. – The Consumer Financial Protection Bureau (CFPB) filed a lawsuit in federal district court yesterday against the credit repair company Prime Marketing Holdings, LLC, which allegedly charged consumers a series of illegal advance fees as well as misrepresented the cost and effectiveness of its services. The CFPB is seeking to halt the company's harmful conduct and to obtain relief for consumers, including refunds of fees paid to the defendant. The Bureau is also releasing a consumer advisory today with tips for consumers who are working to improve their credit history or who are dealing with credit repair services.

"We are taking action against Prime Marketing Holdings for luring consumers with misleading claims about its ability to repair credit files and then charging illegal fees," said CFPB Director Richard Cordray. "We are also alerting consumers to watch out for problematic credit repair practices. All consumers have a right to a free annual credit report and to dispute inaccurate information. This is a key step to building and maintaining good credit."

Prime Marketing Holdings is a credit repair company that is incorporated in Delaware with an office in Van Nuys, Calif. Prime Marketing Holdings has operated under various names including Park View Credit, National Credit Advisors, and Credit Experts. Since 2014, Prime Marketing Holdings has marketed, offered, and provided credit repair services to consumers across the country.

Some credit repair services promise to improve consumers' credit scores by challenging items on their credit reports, regardless of whether the information is accurate. According to the CFPB complaint, Prime Marketing Holdings lured consumers with misleading, unsubstantiated claims that it could remove virtually any negative information from their credit reports and could boost credit scores by significant amounts. The company attracted customers through its website and sales calls, at times targeting consumers who had recently sought to obtain a mortgage, loan, refinancing, or other extension of credit. The company would then charge consumers a variety of illegal advance fees for its services.

The Bureau's complaint alleges that the company violated the Dodd-Frank Wall Street Reform and Consumer Financial Protection Act's prohibition on deceptive acts and practices in the marketing and promotion of its services. The company also allegedly violated the Telemarketing Sales Rule by charging illegal advance fees and making deceptive statements. Specifically, the complaint alleges that the defendant:

- **Charged illegal advance fees:** Federal law bars telemarketers and certain companies from requesting or collecting fees for credit repair services until certain conditions are met around the delivery of services. Prime Marketing Holdings, however, charged a variety of fees for its services before demonstrating that the promised results had been achieved as required by law. Specifically, the company charged consumers initial fees that it at times claimed were required to obtain special credit reports for consumers. The company also charged set-up fees totaling hundreds of dollars and monthly fees that often equaled \$89.99 per month.
- **Misled consumers about the costs of their services:** In some cases, Prime Marketing Holdings failed to disclose to consumers during sales calls that they would be charged a monthly fee. At other times, the company represented that a monthly fee would be

charged only if the consumer affirmatively elected to continue services beyond 60 days. In reality, those consumers were charged the monthly fee automatically.

- **Failed to disclose limits on “money-back guarantee”:** Prime Marketing Holdings represented that it offered a money-back guarantee for certain services. The company failed to disclose that the guarantee has significant limits, including that the consumer must pay for at least six months of the service to be eligible for the guarantee.
- **Misled consumers about the benefits of their services:** Prime Marketing Holdings misrepresented that its credit repair services would, or likely would, result in the removal of negative entries on consumers’ credit reports. The company also misrepresented to customers that its credit repair services would, or likely would, result in a substantial increase to consumers’ credit scores. The company lacked a reasonable basis for making these claims.

Under the Dodd-Frank Act, the CFPB can take action against institutions or individuals engaged in unfair, deceptive, or abusive acts or practices or that otherwise violate federal consumer financial laws. The complaint filed yesterday seeks monetary relief, injunctive relief, and penalties. The Bureau’s complaint is not a finding or ruling that the defendant has actually violated the law.

The lawsuit filed yesterday is available at:

http://files.consumerfinance.gov/f/documents/092016_cfpb_PrimeMarketingHoldings_Complaint.pdf



Consumer Advisory

Today, the CFPB is releasing an advisory to alert consumers about potentially misleading credit repair services. The consumer advisory outlines consumers’ rights and warns them of potentially harmful practices to look out for. As part of the consumer advisory, the Bureau is highlighting that consumers do not have to pay anyone to help correct inaccurate information in their credit reports. The advisory outlines consumers’ right to obtain a free credit report from each of the largest three credit reporting companies every year and the steps consumers can take on their own if they need to dispute inaccurate information on their reports.

According to the advisory, consumers should:

- **Be wary of promised credit score increases or guaranteed results:** It takes time to repair a credit file. Consumers should be wary if a company claims it can get rid of the [negative credit information](#) in a credit report in a short period of time -- even if that information is accurate and current -- or if it promises a specific increase in credit score, or guarantees results.
- **Watch out for credit repair companies that demand upfront payments:** A simple rule for consumers to follow is “don’t pay up front.” Under federal law, credit repair companies can’t require you to pay until they’ve completed the services they’ve promised. In addition, some companies that use telemarketing may not request or receive fees until they have provided you with a credit report generated more than six months after the promised results that shows the results.
- **Check credit reports regularly:** Consumers can obtain a free copy of their credit report at www.AnnualCreditReport.com. Consumers are entitled to receive a free credit report from each nationwide credit reporting company once every 12 months.
- **Dispute inaccurate information on credit reports:** Consumers can take steps on their own to repair their credit record. Consumers can dispute errors on their credit reports by contacting Equifax, Experian and TransUnion directly. More information is available at: <http://www.consumerfinance.gov/askcfpb/314/how-do-i-dispute-an-error-on-my-credit-report.html>

The consumer advisory is available at:

http://files.consumerfinance.gov/f/documents/092016_cfpb_ConsumerAdvisory.pdf

Consumers having an issue with a credit repair company can submit a complaint to the CFPB by:

- Go online at www.consumerfinance.gov/complaint 
- Call the toll-free phone number at 1-855-411-CFPB (2372) or TTY/TDD phone number at 1-855-729-CFPB (2372)
- Fax the CFPB at 1-855-237-2392
- Mail a letter to: Consumer Financial Protection Bureau, P.O. Box 4503, Iowa City, Iowa 52244

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.

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