

CFPB Sues Think Finance For Collecting On Debts That Consumers Did Not Legally Owe

Bureau Alleges That Think Finance Deceived Consumers Into Paying Debts That Were Not Valid

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WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) today filed suit against Think Finance for its role in deceiving consumers into repaying loans that were not legally owed. In a suit filed in federal court, the CFPB alleges that Think Finance illegally collects on loans that are void under state laws governing interest rate caps or the licensing of lenders. The Bureau alleges that Think Finance made deceptive demands and illegally took money from consumers' bank accounts for debts that were not legally owed. The CFPB seeks to recoup relief for harmed consumers and impose a penalty.

"We are suing Think Finance for deceiving consumers into repaying loans they did not legally owe," said CFPB Director Richard Cordray. "Think Finance wrongly took money from people's bank accounts, so we are seeking relief for consumers and a civil money penalty."

Think Finance, based in Addison, Texas, is an online provider of software technology, analytics, loan servicing, and marketing services. Think Finance, working with other companies, offered and serviced lines of credit and installment loans over the internet to consumers throughout the United States. In its complaint, the Bureau alleges that Think Finance violated the Dodd-Frank Wall Street Reform and Consumer Protection Act by deceiving consumers and collecting on loans that were either partially or completely void under the laws of 17 states, including Arizona, Arkansas, Colorado, Connecticut, Illinois, Indiana, Kentucky, Massachusetts, Minnesota, Montana, New Hampshire, New Jersey, New Mexico,

New York, North Carolina, Ohio, and South Dakota. Specifically, the Bureau alleges that Think Finance:

- **Deceived consumers about loan payments that were not owed:** Many states have laws that nullify loans and other types of credit if interest rates exceed what the state allows, or if a lender is not properly licensed to conduct business in the state. Lenders and servicers cannot collect on debt that is legally void. Think Finance pursued consumers for payments even though the loans in question were void in whole or in part under state law and payments could not be collected. The interest rates the lenders charged were high enough to violate usury laws in some states where they did business, and violation of these usury laws renders particular loans void. In addition, the lenders did not obtain licenses to lend or collect in certain states, and the failure to obtain those licenses renders particular loans void. Despite this, Think Finance misrepresented that consumers, in fact, owed money on the loans.
- **Collected loan payments that consumers did not owe:** Think Finance made electronic withdrawals from consumers' bank accounts or called or sent letters to consumers demanding payment for debts that they were under no legal obligation to pay.

Under the Dodd-Frank Act, the CFPB is authorized to take action against institutions that engage in unfair, deceptive, or abusive acts or practices, or that provide substantial assistance to other entities that do so. The CFPB is seeking monetary relief for consumers, civil money penalties, and injunctive relief, including a prohibition on Think Finance's collecting on void loans. The Bureau's complaint is not a finding or ruling that the defendant has actually violated the law.

A copy of the complaint filed in federal district court is available at:

http://files.consumerfinance.gov/f/documents/cfpb_think-finance_complaint_112017.pdf

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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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