Advanced Credit Repair Of Hartford, CT Agrees With Consumer Reports View Regarding Underwriting Protections For Payday Loan Borrowers

May 21, 2019

May 21, 2019 - PRESSADVANTAGE -
Advanced Credit Repair Of Hartford, CT agrees with why Consumer Reports urged the Consumer Financial Protection Bureau (CFPB) in a letter May 15 to preserve important underwriting rules governing payday, auto-title, and short-term installment loans that aim to ensure borrowers have the ability to pay off their debts without reborrowing. The CFPB is currently considering a proposal that would gut these safeguards previously issued by the Bureau in 2017 before they go into effect.

?High-cost lenders? business models rely on keeping people buried in debt,? said Suzanne Martindale, senior policy counsel for Consumer Reports. ?There is simply no credible rationale for rescinding basic underwriting requirements designed to protect borrowers from longstanding and well-documented abuses perpetrated in the short-term lending industry.?

In its letter to the CFPB, Consumer Reports points out that the 2017 underwriting provisions for payday and other short-term installment loans were carefully developed after five years of research, market monitoring, input from small businesses, consumer complaint handling, and over one million public comments. The

CFPB?s proposal to rescind these safeguards ignores the troves of research and data the Bureau referenced in 2017 that demonstrate that high-cost short-term lenders routinely put consumers into debts they cannot afford, resulting in severe financial harm.

The CFPB?s research uncovered high levels of repeat borrowing. Four out of every five payday loan borrowers ? or 80 percent ? have to reborrow from the same lender within 14 days, and almost 90 percent end up reborrowing within 60 days. More likely than not, a person with a loan will end up taking out ten loans in a sequence. Short-term auto-title loans are equally troubling, and come with the added risk of losing one?s car and ruining their credit. The CFPB?s research found that approximately one in every five people who takes out an auto-title loan with a balloon payment ends up losing their car to repossession.

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Credit repair can involve fixing your bad credit in any way, shape or form, but when most people use the term ?credit repair?, they?re referring to the process of disputing errors on credit reports.

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