

The Consumer Financial Protection Bureau (“CFPB”) recently **announced** that consumers that were unlawfully charged advance fees for debt-settlement services will receive refunds. State Attorneys General of North Carolina, New Mexico, North Dakota, Wisconsin, and the State of Hawaii Office of Consumer Protection all joined CFPB’s lawsuit, marking the first time CFPB collectively pursued an enforcement action with the states.

A CFPB investigation uncovered evidence that Payday Loan Debt Solution, Inc. routinely charged consumers up-front fees prior to settling the consumers’ debts. That practice is in violation of the Federal Trade Commission’s telemarketing sales rule, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and various state laws. The defendant has been ordered to provide full refunds to consumers who were charged advance fees, but who received no debt-settlement services by the time their accounts were closed.

North Carolina is among the states in which it is unlawful for a person or company to collect an advance fee for debt settlement or debt adjustment services. Consumers in North Carolina who were unlawfully charged for such debt relief services may have viable legal claims for unfair and deceptive trade practices if they were charged an advance fee.