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Commentary: Feds moving in wrong (and dangerous) direction on military consumer protection

By: Army Col. Paul Kantwill (Ret.) 📅 September 5, 2018

Financial readiness (<https://www.militarytimes.com/native/navy-federal/2018/01/12/four-smart-steps-to-reach-your-financial-goals/>) is one of the fundamental tenets of mission readiness. I've seen this over a quarter-century as an active-duty Army officer and in civilian service with the Defense Department and the Consumer Financial Protection Bureau (CFPB).

That's why I join dozens of military and veterans service organizations, and consumer advocacy groups, all profoundly concerned over recent changes at the federal level that weaken troops' protection (<https://www.militarytimes.com/pay-benefits/mil-money/2018/04/17/why-your-credit-score-matters-and-how-troops-veterans-and-families-can-up-their-numbers/>) as military consumers (<https://www.militarytimes.com/pay-benefits/mil-money/2017/03/06/your-move-your-money-make-financial-planning-part-of-the-pcs-process/>) in the financial marketplace (<https://www.militarytimes.com/native/navy-federal/2017/12/18/4-key-ways-to-your-2018-financial-plan/>).

In recognizing the need for these protections, our nation established the Servicemembers Civil Relief Act (<https://www.militarytimes.com/home-hq/2018/03/20/scra-and-military-moves-what-you-need-to-know/>), which forbids certain financial actions against active-duty service members, and the Military Lending Act (<https://www.militarytimes.com/pay-benefits/2018/08/16/senators-urge-consumer-protection-agency-not-to-abandon-duty-to-protect-troops-families/>), which prevents financial companies from charging interest in excess of 36 percent annual interest on most consumer loans.

While much ground has been gained in recent years through improvements to these laws and consumer protections generally, recent developments — especially those in the CFPB and Education Department — leave me profoundly concerned ... and with the impression that a call to retreat on military consumer protection has been sounded.

So far, new leadership at the CFPB has:

- Effectively disbanded its Office for Students and Young Consumers, the only federal government unit looking out for borrowers in the \$1.5 trillion student loan market, which includes many service members past and present.
- Moved to roll back planned safety standards on payday lending, a longtime issue of concern among military members.

- Recently proposed abandoning its role in monitoring companies to make sure they're not violating the Military Lending Act and overcharging service members. This last action is akin to removing your sentries from guarding posts on military compounds. It will result in the bad guys getting in.

These moves are a sharp and unwelcome departure for the agency, which has been a key ally to service members.

The CFPB opened its doors in 2011 in response to the financial crisis a few years prior; since then, it has handled more than 74,000 complaints from members of the military community about financial companies.

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Its enforcement actions have resulted in more than \$130 million in relief to servicemembers, who were harmed by illegal company practices, such as contacting servicemembers' commanding officers about a debt.



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Why your credit score matters ... and how troops, veterans and families can up their numbers (/pay-benefits/mil-money/2018/04/17/why-your-credit-score-matters-and-how-troops-veterans-and-families-can-up-their-numbers/)

Paying your bills on time is a big part of the battle, but it's not the only step.

By: Karen Jowers

Meanwhile, the Education Department is reversing significant progress in protecting consumers from exploitative practices by student loan companies and for-profit colleges.

Two specific areas are under fire: “Gainful Employment” rules that require schools to report job-placement rates accurately, and “Borrower Defense” rules that protect loan-holders from any deceptive practices by their school.

Advocates are concerned over recent changes at the federal level that weaken troops’ financial protections. (Pamela Joe McFarlane/Getty Images)

These attacks are underway despite a coalition of Military and Veteran Service Organizations pointing out that, “service members, veterans, and their families are specifically targeted for fraud by unscrupulous colleges.”

It is not hyperbole to state that financial distress compromises individual and unit combat effectiveness. Security clearances are revoked. Troops are rendered non-deployable. Families suffer. The services lose anywhere from 4,700 to 7,900 members yearly because of financial issues and must pay to recruit and train their replacements; some estimates put that cost at more than \$57,000 per person.

The tax-paying citizenry should be concerned about that figure, and about keeping benefits for service members and veterans — significant expenditures in our budget — out of the hands of unscrupulous businesses.

The protection of those who deserve it most is not partisan. Rather, it invokes the legal, moral and ethical principles that make our nation truly special, and why hundreds of thousands enter military service every year.

As the services enlist more and more personnel to increase military end-strengths, and as those brave individuals raise their right hands in response to the most solemn oath of all, perhaps we, as a Nation, can respond “We will!” in recognition of our duty to protect these most unique and deserving consumers.

Col. Paul Kantwill (ret.) served in the Army Judge Advocate General’s Corps, and as a senior official in the Defense Department and the Consumer Financial Protection Bureau. He is senior fellow at the Institute for Consumer Antitrust Studies at Loyola University-Chicago’s School of Law.

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