



## **SUPPORT [S.J.Res. 125](#) to Protect Consumers from Paying Unauthorized Junk Fees that are Not Permitted by Law**

In 2022, the Consumer Financial Protection Bureau (CFPB) cracked down on the fees that debt collection companies charge when consumers use alternative payment methods (such as paying by phone or on the internet). But in a rule submitted to Congress, the Trump CFPB rescinded that guidance and made it easier for debt collection companies to extract these types of junk fees from consumers.

Senator Alsbrooks' joint resolution of congressional disapproval (JRD) would undo the Trump CFPB decision and restore the earlier rule: "Debt Collection Practices (Regulation F); Pay-to-Pay Fees."

*Endorsers: National Consumer Law Center (on behalf of its low-income clients), Consumer Federation of America, Center for Responsible Lending, Protect Borrowers, Americans for Financial Reform, National Community Reinvestment Coalition*

### **Key Points**

- **Some debt collectors charge junk fees when processing a payment.** When a consumer chooses to pay a debt using an alternative payment method (such as over the phone or on the internet) companies might try to charge junk fees like "pay-to-pay" or "convenience" fees when they process the payment. The amount of the fee is usually [far greater](#) than what it costs for the creditor to provide the service. They can range from [a couple of dollars to \\$15 or more](#) and can increase the total cost of the debt—oftentimes to the consumer's surprise.
- **The Biden CFPB issued guidance to crack down on these junk fees.** In 2022, the CFPB issued an [advisory opinion](#) to affirm that the Fair Debt Collection Practices Act (FDCPA) prohibits debt collectors from collecting "pay-to-pay" fees when those fees are not expressly authorized by law or if a consumer agreed to the fee when they first took out the debt.
- **The Trump Administration withdrew this commonsense guidance, and this JRD seeks to restore it.** Although underlying statutes like the FDCPA continue to prohibit abusive debt collection practices, the Trump Administration's rescission of this guidance signals to bad actors that they may have leeway to charge convenience fees without fear of facing any real consequences from the current CFPB. It is critical for Congress to restore the earlier guidance.