



## SUPPORT [S.J.Res. 134](#) to require Buy Now, Pay Later (BNPL) Lenders to Provide Basic Consumer Protections

In 2024, the CFPB published a rule that confirmed that Buy Now, Pay Later (BNPL) lenders must provide many of the protections and rights that are granted to consumers who use conventional credit cards. These include the rights to transparent fees, to dispute charges, and to demand a refund from the lender after returning a product purchased with a BNPL loan. But in a rule submitted to Congress, the Trump CFPB rescinded these protections, making it easier for BNPL lenders to take advantage of borrowers with abusive loan terms.

Senator Reed's joint resolution of disapproval would undo the Trump rule and restore the earlier rule: "Truth in Lending (Regulation Z); Use of Digital User Accounts to Access Buy Now, Pay Later Loans."

*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

- **An unprecedented number of Americans are relying on Buy Now Pay Later (BNPL) products to cover everyday essentials.** BNPL is a type of loan that allows consumers to split the cost of a purchase into smaller installments that they pay over time. As working families struggle to keep up with rising costs, roughly [half of Americans](#) have taken out a BNPL loan. From 2019-2025, the BNPL market exploded from \$2 billion in originations to over [\\$65 billion](#).
- **BNPL products can pose significant risks to consumers, especially if a borrower falls behind.** Though BNPL companies generally don't charge interest on the shortest loans they offer, most companies charge late fees when payments are missed. Over [24%](#) of BNPL users have missed payments, with young users more likely to fall behind on their payments. If a consumer does not repay their BNPL loan, the debt could be turned over to a debt collector or reported to a credit reporting company which could hurt the borrower's credit score. BNPL products are structured to avoid triggering certain consumer protection obligations under the Truth in Lending Act (TILA) and the Military Lending Act.
- **The Biden CFPB issued guidance to protect consumers using BNPL loans.** In 2024, the CFPB issued an [interpretive rule](#) to confirm that BNPL providers must provide many of the protections and rights that are granted to consumers who use conventional credit cards, including the right to transparent fees, to dispute charges, and to demand a refund from the lender after returning a product purchased with a BNPL loan.
- **The Trump Administration withdrew this commonsense rule, and this JRD seeks to restore it.** Although the CFPB may continue to enforce TILA and ensure that lenders disclose key loan terms, the rescission of this guidance signals to BNPL lenders that they may have more leeway to take advantage of borrowers with abusive loan terms without fear of facing any real consequences from the current CFPB. It is critical for Congress to restore the rule.