

CFPB's First Remittance Transfer Rule Enforcement Action

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Earlier this week, the CFPB announced a [consent order](#) with Maxitransfers Corporation, a remittance transfer provider that allows consumers to electronically transfer funds to people or companies in foreign countries. As the Bureau noted in its press release announcing the settlement, this is the Bureau's first enforcement action based on violations of the Remittance Transfer Rule, 12 C.F.R. § 1005.30 *et seq.*, which implements the Electronic Fund Transfer Act ("EFTA"), and went into effect on October 28, 2013.

Within the consent order, the Bureau alleges that Maxitransfers:

- **Failed to maintain error-resolution policies and procedures.** Section 1005.33(g)(1) of the Remittance Transfer Rule requires remittance-transfer providers to develop and maintain written policies and procedures that are designed to ensure compliance with the error-resolution requirements under the rule. Maxitransfers reportedly did not have any written policies and procedures addressing any Remittance Transfer Rule requirements between October 2013 and November 2016. In November 2016 the company "developed a 'CFPB Policy' that consisted of 1.5 pages of general Remittance Transfer Rule information copied directly from the Bureau's website," but which failed to meet the regulatory requirements because the document did not address what constitutes an "error" under the rule, what constitutes a notice of error from a consumer, what investigation is required, how investigation results should be provided to consumers, or the time limits for an investigation.
- **Failed to properly report the results of error investigations and failed to notify consumers of their rights after an investigation of error.** Sections 1005.33(c)(1) and (d)(1) of the Remittance Transfer Rule require remittance-transfer providers to promptly investigate a notice of error from a sender, to determine whether an error occurred within 90 days, to report the results to the sender including notice of any remedies available for correcting any identified error, and to follow certain procedures if the company determines that no error occurred or if a different error occurred than the error identified by the sender.
- **Failed to use specified or substantially similar terms in its remittance disclosures.** Maxitransfers reportedly did not use the terms "Transfer Amount" or "Total to Recipient," or

substantially similar terms, in pre-payment disclosures as required by sections 1005.31(b)(1)(i) and (b)(1)(vii) of the Remittance Transfer Rule.

- **Failed to treat its international bill-pay services as remittances.** Such international bill-pay services can be remittance transfers covered by the EFTA and Remittance Transfer Rule, and Maxitransfers did not provide consumers with all of the required disclosures or protections.
- **Made deceptive misrepresentations.** Maxitransfers asserted within its “terms and conditions” that the company “is not responsible for errors made by banks or payment agents, or for any other reasons out of our control.” The Bureau noted this is deceptive because the EFTA and Remittance Transfer Rule specifically provide that remittance-transfer providers are responsible for errors (as defined by the Remittance Transfer Rule) by their agents.

The consent order directs Maxitransfers to (1) pay a civil money penalty of \$500,000; (2) refrain from deceptive representations that it will not be responsible for errors made by its payment agents; and (3) improve its compliance management system to prevent future violations of the EFTA, the Remittance Transfer Rule, and the Consumer Financial Protection Act. Notably, the Bureau did not require Maxitransfers to provide any redress to consumers.

While it’s the first consent order alleging violations of the Remittance Transfer Rule, the Bureau published a Remittance Rule Assessment Report in October 2018, which we summarized [here](#).

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