

CFPB Reaches \$18 Million Settlement with Mortgage Lender for Alleged FCRA Violations

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The Consumer Financial Protection Bureau (CFPB) reached an \$18 million settlement with Monster Loans and a number of related companies and individuals for illegally obtaining credit reports to further an alleged student loan debt relief scam.

The [Complaint](#), filed by CFPB in January of 2020, alleged that between 2015 and 2017, Monster Loans, a mortgage lender, obtained consumer reports from Experian under the guise of providing mortgage lending services but was actually providing the reports to third party companies to market student debt relief services to consumers.

According to the Complaint, Monster Loans allegedly obtained consumer reports for approximately 7 million individuals with student loan debt. A related entity, Lend Tech, obtained consumer-report information for another 12.5 million consumers between 2017 and December 2019. After obtaining the credit reports, Monster Loan and Lend Tech would provide the reports to several student loan debt-relief companies to market their services to consumers. The Complaint further alleged that these student loan-relief companies violated the Consumer Financial Protection Act (“CFPA”) and Telemarketing Sales Rule (“TSR”) by making misrepresentations about the companies’ services, such as misrepresentations of interest rate reductions or improved credit scores. The Complaint further alleged that the student loan-relief companies unlawfully collected fee advances for debt relief services.

The [stipulated final judgment](#), if entered by the court, will impose an \$18 million judgment against Monster Loans. However, the full payment of the judgment will be suspended subject to Monster Loans’ payment of \$200,000 for consumer redress. The settlement will also require disgorgement of profits. The suspended amounts were based on defendant’s limited ability to pay more based on sworn financial statements. Additionally, if the court enters the proposed settlement, Monster Loans will pay a \$1 civil penalty based on its documented inability to pay.

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