

Published on *The National Law Review* <https://natlawreview.com>

President Signs Congressional Resolution Overturning CFPB Arbitration Rule

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The President signed this week the congressional joint resolution nullifying the Consumer Financial Protection Bureau (“CFPB”) arbitration agreements [rule](#). Following adoption by the House, the Senate, in a 50-50 split with the Vice President breaking the tie, [voted](#) last week to approve the resolution (noted in a previous post [here](#)). The CFPB can only reinstate the rule, or one that is similar, if Congress expressly authorizes it to do so in subsequent legislation.

Following the Senate’s vote, CFPB Director Richard Cordray urged the President to save the arbitration rule, arguing that the President’s own litigation history should help him understand the importance of having the opportunity to go to court. Although that effort was not successful, and the rule has now been overturned, the CFPB may continue in its efforts to regulate arbitration agreements in consumer financial services contracts through other means. For instance, the CFPB may pursue enforcement actions under the Consumer Financial Protection Act for allegedly unfair, deceptive, or abusive uses of arbitration agreements in consumer contracts.

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National Law Review, Volumess VII, Number 307

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