

Update on the Consumer Financial Protection Bureau  
Impacts Of the Current Administration

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The Consumer Financial Protection Bureau (CFPB) was created directly in response to the 2008 financial crisis, which exposed the predatory lending and weak regulation that harmed millions of American consumers. The CFPB was established by the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010). The idea was spearheaded by Elizabeth Warren, then a Harvard Law professor and current U.S. Senator, and signed into law by former President Barack Obama (see developments since as tracked by Citizen Works [here](#)).

The core mission of the CFPB is consumer financial protection, and it was designed as a central federal agency in response to the 2008 financial crisis. It exercises its authority by enforcing laws such as the Fair Credit Reporting Act, creating regulations to prevent abusive and deceptive practices, handling consumer complaints, and taking legal action against companies allegedly engaging in predatory behavior. It was designed to be a strong, independent agency that protects people from abusive practices and makes financial products clearer and safer for consumers.

Since its beginning, many Conservatives have deeply opposed the CFPB. Business interests played a large role in this, as banks, lenders, and credit card companies were

investigated and often fined for misconduct. The CFPB also forced transparency in credit reporting and loan servicing. In addition, there were also ideological differences about the CFPB, divided along party lines. Conservatives often saw the CFPB as too powerful without adequate legislative oversight. Many coined the CFPB to be an unconstitutional “fourth branch” of government, believing that the bureau was immune from normal executive controls. Another major reason many Republicans rejected the CFPB fundamentally is that it obtains its financing directly through the Federal Reserve, rather than through Congress. Some believe this makes the bureau unaccountable.

Throughout the years, Republicans have undermined the CFPB consistently. Shortly after its creation, GOP lawmakers tried to repeal and weaken the CFPB through various bills, although none passed the Senate with a Democratic majority. They also tried to change its structure by replacing the single director with a commission and tried to bring the CFPB under Congressional appropriations in order to cut funding. During President Trump’s first presidency, the CFPB was targeted fiercely. Mick Mulvaney, a strong critic, was appointed as acting director and froze enforcement, stopped investigations, and reoriented the agency to be more business-friendly.

The Biden Administration attempted to rebuild the CFPB, and the agency became active again. Republicans renewed calls to limit CFPB’s power, but ultimately could not pass legislation. Aside from this undermining by the GOP, the CFPB was nonetheless successful in its mission prior to the 2024 federal election. The CFPB had returned more than \$16 billion to harmed consumers through fines and settlements, issued landmark rules (mortgage disclosure forms, payday loan reforms, etc.), exposed systemic abuses ([see extensive list here](#)), and established accessible complaint portals in order to empower individual consumers.

The CFPB served as the only federal agency whose sole mission was to protect financial consumers, especially some of the most vulnerable groups, such as low-income borrowers, students, and the elderly. In action, it leveled the playing field in a financial regulatory system that historically favors big banks and lenders. The actions taken by the Trump Administration to gut these efforts can be sorted into four categories:

- I. Leadership
- II. Regulatory Rollbacks
  - A. Repeal of Overdraft and Digital Payment Rules
  - B. Withdrawal of Data Broker Proposal
  - C. Repeal of Guidance Documents
- III. Enforcement Actions
- IV. Legal Developments

## **I. Leadership**

One of the foremost actions taken by the current administration was the initial dismissal of CFPB Director Rohit Chopra, who was replaced by Russell Vought, a prominent Project 2025 advocate. Vought ordered a temporary suspension of all CFPB operations shortly after being appointed as its acting director. He also attempted to close the agency's Washington headquarters—a move met by legal challenges. On February 14, 2025, U.S. District Judge Amy Berman Jackson issued an order that prevented further interference with the CFPB's operations and data collection. This case was appealed and is currently on appeal in the U.S. Court of Appeals for the D.C. Circuit. Oral arguments were heard on May 16th, 2025, but no final appellate decision has been issued as of the date of this posting.

The disruption of CFPB's enforcement and oversight work had led to consumers having fewer protections against deceptive or abusive financial practices during this period of instability for the Bureau. Legal uncertainty of the CFPB's enforcement and oversight work tends to have a clear effect in practice by weakening regulatory confidence and delaying consumer relief in ongoing investigations.

## **II. Regulatory Rollbacks**

### **A. Repeal of Overdraft and Digital Payment Rules**

On May 9, 2025, President Trump signed into law two measures that repealed CFPB rules established under the Biden Administration. The first of the Biden Administration rules capped overdraft fees for banks and credit unions with over \$10 billion in assets. This rule reduced bank overdraft revenue by nearly \$5 billion annually. With this repeal, banks can continue charging high overdraft fees, sometimes up to \$35 per transaction, potentially costing consumers (especially low-income individuals) billions annually in avoidable fees. The second repealed rule expanded CFPB supervision to large nonbank digital payment providers, such as Apple Pay and Google Pay. With this repeal, these companies are no longer under CFPB supervision. This limits transparency and consumer recourse if these services were to mishandle payments or violate user privacy.

#### B. Withdrawal of Data Broker Proposal

The current administration has also withdrawn a proposal that sought to limit the sale of Americans' personal data by brokers. Consumer advocates expressed concerns that this action would leave consumers more vulnerable to scams and identity theft.

Withdrawing this proposal keeps American consumers' personal data vulnerable to being sold or misused. It increases the risk of identity theft, scams, and unwanted and unnecessary surveillance.

#### C. Repeal of Guidance Documents

In May 2025, the CFPB rescinded dozens of regulatory guidance documents that impacted many federal consumer protection laws. This includes the Consumer Financial Protection Act, Fair Credit Reporting Act, and Fair Debt Collection Practices Act. This marked a significant shift in the Bureau's approach to regulation and enforcement. The impact of these repeals is weakened enforcement clarity for financial institutions and reduced accountability for lenders and debt collectors. Consumers are more likely to be subject to predatory practices without clear regulatory expectations, and financial institutions lack clarity related to thresholds of regulatory compliance.

### **III. Enforcement Actions**

Another major impact of the Trump administration was the dismissal of various enforcement cases. The CFPB has recently dismissed several enforcement actions initiated during the Biden administration. Notably, on February 27, 2025, the Bureau dropped five major legal cases, including a substantial lawsuit against Capital One. These halts on ongoing litigation deny potential restitution to harmed consumers. This could embolden companies to engage in abusive lending, servicing, or collection practices, with no fear of accountability.

### **IV. Legal Developments**

#### **(Positive Developments)**

In the fall prior to the 2024 election, the CFPB reached a \$120 million settlement with Navient over allegations of illegal servicing of federal student loans. As part of the settlement, Navient was banned from servicing federal student loans and agreed to provide \$100 million in compensation to affected borrowers. This positively affects student borrowers and enforces protections from further misconduct. These advancements, instituted by the Biden Administration, were recently effectively implemented by the Trump Administration.

In addition, in January 2025, under the Trump Administration, the CFPB finalized a rule prohibiting the inclusion of medical debt on credit reports used by lenders. This action aimed to remove an estimated \$49 billion in medical bills from the credit reports of about 15 million Americans. This is likely to help increase credit scores and access to affordable mortgages.

#### **(Counter Movements to Current Actions)**

Consumer advocacy groups have been working tirelessly to stop the shutdown of the CFPB. Director Russell Vought has allegedly tried to have the CFPB lay off employees,

cut off funding, erase data, and ultimately gut all operations by returning its money to the Federal Reserve (Ennis).

A group of advocates has brought these combined actions to court, arguing that these actions are both illegal and unconstitutional because Congress created the CFPB by law, and its mission is ongoing (see *National Treasury Employees Union v. Vought*). Only Congress has the power to eliminate or defund the agency, not a single executive official. Shutting down the CFPB would damage millions of Americans, especially some of the most vulnerable who rely on its enforcement actions.

In *Seila Law LLC v. CFPB*, the judge agreed with the plaintiffs and issued a preliminary injunction, which ordered that the shutdown stop immediately. There can be no more layoffs, and the CFPB must remain operational while the lawsuit plays out. The court said that allowing the shutdown would cause irreparable harm to the public and make it impossible to rebuild in the future. The U.S. Court of Appeals upheld this ruling and added that any employee being laid off must be awarded a detailed explanation along with a case-by-case justification. This administration appealed the injunction to the D.C. Circuit as of July 2025, but due to these court orders, the CFPB remains functioning (*Seila Law LLC v. Consumer Financial Protection Bureau* 591 U.S. 197 [2020]).

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