

LEGAL UPDATES

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CFPB Allegations Result in \$120 Million Settlement with Navient

Earlier this month, the Consumer Financial Protection Bureau (CFPB) resolved its long-running lawsuit against Navient Corporation. The enforcement action culminated in a \$120 million settlement of which \$100 million was in restitution for alleged violations with an additional civil fine of \$20 million. The order also effectively removes Navient from the student loan servicing industry.

According to media reports, Navient, formerly known as Sallie Mae, exited the federal student loan business in 2021 and no longer services or purchases federal student loans.

The underlying allegations and issues in the CFPB enforcement action could have application to consumer financial services firms more broadly, and the settlement highlights areas that compliance teams should focus on. These include transparency in providing consumers with loan-related information, training employees on compliant servicing practices, developing effective mechanisms for timely and compliant handling of complaints, and being alert to the disparate impacts loan-servicing practices have on at-risk borrowers.

What this means to you

Given the size and impact of CFPB's Navient settlement, consumer financial services firms should pay careful attention to the consent order, as it could reveal important takeaways for other consumer financial services companies.

Contact us

If you have questions about CFPB enforcement or enhancing compliance, contact Marci Kowski or your Husch Blackwell attorney.