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## FINANCIAL SERVICES COMMITTEE DEMOCRATS

### FACT SHEET: THE MILITARY CONSUMER PROTECTION ACT

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[The Military Consumer Protection Act](#) will enhance protections for military servicemembers and their families from abusive Wall Street practices by authorizing the highly successful Consumer Financial Protection Bureau (Consumer Bureau) to oversee and enforce compliance with the Servicemember Civil Relief Act (SCRA).

#### What is the Servicemember Civil Relief Act?

- Servicemembers, which include soldiers, sailors, airmen, marines, and coast guardsmen, are a vulnerable population to financial scams. The Servicemembers Civil Relief Act, formerly known as the Soldiers' and Sailors' Civil Relief Act, was specifically developed to protect servicemembers from being taken advantage of by financial institutions as they enter active duty.
- The SCRA provides a number of protections for service members and their families to ease their financial burdens during periods of military service. This includes:
  - Prohibiting eviction from rental or mortgaged property;
  - Capping interest rates at 6% on debts incurred prior to entering active duty; and
  - Applying other protections to installment contracts and automobile leases.

#### How can the Consumer Bureau help enforce SCRA?

- Servicemembers have a different set of protections than civilians, which is why the Congress created within the Consumer Bureau an [Office of Servicemember Affairs](#) (OSA), which has been aggressive in both providing education to prevent financial abuses and in collecting complaints to respond to them.
- The Consumer Bureau and OSA have successfully developed programs to educate servicemembers and their families on consumer financial products and protect them from unfair, deceptive and abusive acts and practices in the financial marketplace. The office's [annual report issued in May](#) noted that, since its establishment 6 years ago, it has:
  - Handled 72,000 complaints from service members;
  - Visited nearly 150 military installations and;
  - Taken enforcement actions where servicemembers and their families were harmed by financial firms.
- Currently, the U.S. Attorney General is authorized to commence a civil action to enforce provisions of the SCRA. Additionally, service members and their dependents have the right to commence a civil private cause of action to enforce protections afforded them under the SCRA. Importantly, the Military Consumer Protection Act does **not** alter those enforcement mechanisms.

- Unfortunately, enforcement of the law with respect to bank compliance has been inconsistent. According to a July 2012 [report](#) from the Government Accountability Office, the estimated percentage of depository institutions that serviced mortgages that were examined for SCRA compliance varied by year. The Military Consumer Protection Act addresses this problem by tasking the Consumer Bureau with enforcing the law and providing stronger monitoring for SCRA compliance so that servicemembers are better protected.

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