



Consumer Federation of America

To: Biden Harris Transition Team
From: Consumer Federation of America
Re: Critical COVID-19 Related Consumer Protections
Date: December 16, 2020

Over the past nine months, the COVID-19 pandemic has been ravaging the lives of millions of Americans. As COVID-19 continues to spread across the country at alarming rates, its devastating impact on the American economy and household finances is continuing to cause tremendous financial distress for families and small businesses. Case numbers are rising throughout the country, federal and state consumer protections continue to expire, and cities and states are tightening restrictions, which all indicate that consumers will continue to face these unprecedented financial challenges well into the future. Due to underlying health and socioeconomic disparities, low- and moderate-income families and communities of color, especially Black, Latinx, and Native American communities, have been hit particularly hard by illness, unemployment, and economic instability.

Since the start of the pandemic, CFA has [advocated](#) for policies that protect consumers' physical and financial wellbeing. We urge you to support these consumer protections in the next COVID-19 relief legislation and take administrative actions to provide families with the temporary relief they need to get through this unprecedented emergency.

Banking and Credit

- **Prohibit negative credit reporting.** No one should see their credit record harmed as a result of the pandemic. We continue to call for a temporary moratorium on all negative credit reporting related to payments missed during the crisis and for longer protections upon request for people who face lasting financial hardship from the outbreak. Further, the CFPB should [rescind guidance](#) that permitted credit and consumer reporting agencies and information furnishers to exceed the statutory deadlines imposed by the Fair Credit Reporting Act (FCRA) for investigating disputes.
- **Halt all debt collection activity.** As we have [advocated](#) since the start of the pandemic, debt collection activity by collectors, creditors, and government entities should be suspended. Debt collectors should not be allowed to start new lawsuits and pending cases should be stayed. All new and existing garnishments, setoffs, car repossessions, utility shutoffs, and evictions should be stopped, and all requests to stop automatic payments should be promptly honored.
- **Prevent accrual of additional fees and interest.** No late fees, default interest, or compounding interest should accrue for any debt until the pandemic eases significantly and normal employment patterns resume. Banks should stop charging overdraft and nonsufficient funds fees.



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- **Prevent predatory lending by capping interest rates on new loans at 36%.** Predatory lenders could use the crisis as an opportunity to take advantage of vulnerable consumers and small businesses facing acute financial distress and profiteer off exploitative high-cost loans. Interest rates on any new credit extended during the emergency should be capped and there should be clear and enforceable prohibitions against predatory lenders and other profiteers taking advantage of people during a health crisis and severe economic stress.
- **Require credit reports be in Spanish and other languages used by consumers who are Limited English Proficient (LEP).** Although we appreciate the [credit reporting bureaus](#) providing free, weekly credit reports during the pandemic, many LEP consumers are unable to access their credit reports, or are significantly hampered in doing so, because credit reports are not provided in the language in which they are proficient.

Housing

- **Require payment forbearance and flexible repayment options for all types of payment obligations,** whether mortgages are federally guaranteed or not. Mortgage companies, landlords, banks, auto lenders, and other creditors should be required to provide forbearances on payments for the duration of the crisis. Forbearances should remain in place for a period after the health crisis abates to allow people and small businesses to get back on their feet financially before having to begin repayment. Creditors, landlords, utility providers and others should not be allowed to demand lump sum full payment after the forbearance period but be required to offer flexible and affordable repayment options based on the consumer's ability to repay, including forgiveness, term extensions for fixed credit obligations, reasonable repayment plans, and loan modifications. In addition, homeowners who are at least 60 days late on their mortgage payments should be provided an automatic forbearance.
- **Establish a national emergency declaration related to the COVID-19 pandemic that specifically includes eviction moratoriums and rental assistance for landlords and tenants as components of the disaster relief granted.** The existing CDC Eviction Moratorium has been ineffective in securing protections for many renters during the COVID-19 Pandemic. To correct that challenge, we propose that the incoming administration utilize its disaster declaration authority to strengthen the moratorium against evictions and provide landlords and tenants with FEMA financial resources to aid in resolving this national public health disaster. As part of that effort, it will be essential for the Administration to eliminate unnecessary requirements in the current CDC order, which expires on December 31, 2020, that have made qualifying for the relief more difficult than necessary.
- **Place a temporary moratorium on foreclosures and similar actions** while a homeowner is in forbearance or seeking post-forbearance repayment arrangements.



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- **Provide emergency rental assistance** to millions of American households who are threatened with severe housing instability due to the pandemic. Rental assistance funding must be sufficient to ensure that people impacted by COVID-19 across all rental housing types in urban, rural, and tribal areas do not lose their rental home or fall so far behind on rent that they face an increased likelihood of being evicted. Rental assistance should preserve housing stability and prevent homelessness via future rent payments, unpaid rent arrearages, and to a limited extent, utility payments and unforeseen operating costs associated with responding to the COVID-19 pandemic. This direct assistance to renters should be complemented by one or more direct lending facilities for property owners to enable them to weather the loss of income of long-term COVID-19 related economic hardship.
- **Provide temporary payment relief to homeowners** facing a financial hardship due to COVID-19 that interferes with the ability to make mortgage payments, regardless of whether the loan is federally backed.
- **Ensure that all homeowners receive notice of their options if they are facing a COVID-19 hardship**, including in-language communications for borrowers with limited English proficiency and information about housing counseling.

Student Loans

- CFA continues to **call for all student loan payments to be canceled for the duration of the crisis**, with the government making payments on their behalf, or at the very least, **[extend the suspension of payments on federal student loans](#)** through September 2021. If the Education Department doesn't extend the current suspension, borrowers will find it harder than ever to make ends meet as they are thrown back into repayment or forced collections while the economy continues to suffer. Even with an extension of the current forbearance, borrowers will still need to make up the payments later. Holders of Perkins Loans, FFEL loans held by a bank or other financial institution, and private student loans are not eligible for forbearance.

Consumer Protection

- **Increase consumers' access to affordable communications services.** As remote communications have become critically important during the pandemic, it is clear that many households lack access to adequate and reliable communications services, particularly broadband. Service providers must abandon pricing practices that maximize revenues, suspend overcharges for "excess" data usage, terminate service cut-offs, and increase network availability to the public. The federal government must ensure that no individuals or communities are left behind.
- **Ensure access to essential utility services: electricity, water, gas.** These critical services are necessary to ensure public health, safety and wellbeing. As moratoria on utility shutoffs are expiring, the economic stresses resulting from the COVID-19



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pandemic continue especially upon communities of color and low-income populations. From those with seniors to children, households rely on these basic services even more with sheltering in place. For those experiencing financial hardship, utilities must provide flexible, deferred (re)payment plans, eliminate customer deposits as well as late payment fees, suspend disconnections, reconnect customers who were previously disconnected due to inability to pay. Funding should also be increased for energy assistance programs.

- **Require big data platforms to promote the public interest.** Big data platforms must remove misleading information. Their big microphones must promote the public interest, not the corporate bottom lines. Non-commercial pandemic information from public health, safety and governmental entities must be given a prime location on all screens.
- **Prevent misleading advertising and price-gouging.** Advertisers, and the media carrying ads, must ensure that claims related to the coronavirus are completely accurate. Online marketplaces must reject products and services making misleading claims or that offer basic necessities at unfairly inflated prices.
- **Support consumers' rights to pay for retail purchases with cash.** For the nearly 25% of adults in the United States who are unbanked or underbanked, paying for retail purchases with cash is a necessity. Even those who have access to other forms of payment such as credit cards appreciate the convenience, privacy, and fiscal discipline afforded by paying with cash. Retailers that adopt "cashless" policies force consumers who want or need to pay with cash to find other places to buy the goods and services they need. This particularly impacts low-income and minority communities and is especially problematic in emergencies such as the COVID19 pandemic, when shopping options may be more limited. A wide range of consumer, privacy and civil rights groups [support](#) legislation to ensure that consumers can pay for retail purchases with cash.

Travel

- **Mandate fairness in the skies.** The airlines have been bailed out, but [passengers have not](#). Airlines must waive cancellation and change fees for all consumers who do not feel safe flying during the federal state of emergency. Consumers who are entitled to refunds should receive them without delay. Congress must require price transparency, make future fees for cancellations, changing flights, and checking bags proportionate to actual costs, lift state preemption, and provide consumers with private rights of action.
- **Require common-sense safety measures for air travel.** A wide range of consumer advocacy, workers' rights, science, research, public health, disability rights, LGBTQ+ social justice, and business organizations have [urged](#) the Department of Transportation (DOT) to require that masks be worn by all passengers and workers on airplanes and in airports. So far, our pleas have been rebuffed.
- **Reverse new rules that hamstring DOT aviation rulemaking and enforcement.** The failure of the DOT to issue emergency requirements for mask-wearing and for airlines to issue refunds to consumers who cancel their flights during the pandemic, and the lack of enforcement action against airlines that have not issued refunds to which consumers are



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entitled, clearly illustrate that the agency is not fully exercising its authority even in urgent situations such as the COVID-19 pandemic. Nonetheless, over the [objections](#) of passenger advocates, the DOT recently adopted a new [rule](#) that makes it *more* difficult for the agency to take regulatory and enforcement action. This rule must be reversed.

- **Accommodate hotel customers.** As organizations and individuals heed requests to limit non-essential travel and cancel events, some hotels have continued to charge consumers and organizations. Hotels that receive emergency funding from the federal government during the pandemic should be required to honor requests for room and event cancellations without penalty and to refund deposits until the federal state of emergency is suspended or travel limit recommendations are lifted. Going forward hotels must provide full price transparency about their charges and extra fees.

Privacy

- **Build protecting privacy into the government's COVID-19 response.** As this [letter](#) to the Coronavirus Task Force outlined, the federal government must set guidelines to protect privacy, ensure equity in the treatment of individuals and communities, and communicate clearly about public health objectives in responding to the COVID-19 pandemic. There has been no response. More than 80 organizations sent a [letter](#) to Congressional committees urging lawmakers to ensure that technological tools deployed in response to the COVID-19 crisis are non-discriminatory, effective, voluntary, secure, accountable, and used exclusively for public health purposes.
- **Enact comprehensive privacy protection.** The COVID-19 pandemic has highlighted the need for a comprehensive baseline U.S. privacy law. Technology companies, remote-learning providers, and employers are taking advantage of the pandemic to collect troves of personal data. CFA and other leading privacy, civil rights, and consumer organizations have produced a policy [blueprint](#) to protect the privacy of all people in the United States from unwarranted and discriminatory data processing practices and to ensure their privacy rights.

Insurance

- **Reduce auto insurance premiums to reflect reduced driving.** Insurers should be required to provide refunds and discounts to consumers who have substantially cut back on driving due to COVID-19. While insurance is generally regulated by the states, the Federal Insurance Office can provide data and analysis to state regulators to ensure equitable responses to the national pandemic as well as inform the Administration and Congress about industry treatment of customers as it seeks to shape federal responses to unmet pandemic insurance needs. See [CFA's Letter](#) to Insurance Commissioners explaining that the driving reduction should yield a consumer benefit not an insurer windfall.



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Food

- **Extend food assistance benefits under the Supplemental Nutrition Assistance Program (SNAP).** Hunger has continued to rise during the pandemic, making for what will likely be the worst year on record since the federal government began surveying households on food security in 1998. To address this pandemic of hunger, maximum SNAP benefit levels should increase, and SNAP time limits should be suspended, as proposed in the HEROES Act.
- **Provide all workers with paid sick leave.** The paid sick leave provisions in the Families First Coronavirus Response Act will expire at the end of the calendar year, stripping tens of millions of workers of these benefits as the pandemic grows worse than ever. Paid sick leave benefits not only protect workers, they protect all of us. No one should have to choose between paying the bills and exposing their community to a deadly virus. The Families First provisions should be extended and expanded.

We look forward to working with you to ensure that consumers are immediately protected during this difficult time. To discuss further, please contact Rachel Gittleman at rgittleman@consumerfed.org or Rachel Weintraub at rweintraub@consumerfed.org.