



## Consumer Federation of America

March 20, 2020

Dear Mr. President, Members of the Senate and House,

As our nation reels from the effects of the COVID-19 pandemic, Congress, the Administration, and state officials are appropriately focused on measures to address the pandemic by minimizing its devastating health effects, protecting those hardest hit by the economic fallout, and stabilizing the economy. This comprehensive response must include specific policies to protect consumers' physical and financial wellbeing.

The consumer protection implications of COVID-19 span issues as varied as protecting our health through a paid sick leave policy, ensuring that consumers retain affordable access to communications services while they self-isolate, ensuring that the economic fallout does not result in mass utility shutoffs, mortgage foreclosures, student loan defaults, or negative credit reporting effects, and making sure that airline and hotel customers' rights are protected in any financial support these industries may receive to help them weather the crisis.

To aid in your deliberations as you work through these complex and inter-connected problems, the Consumer Federation of America has compiled a list of consumer protection issues that must be addressed as part of a comprehensive response to this crisis. Many of these items are focused on protecting those hardest hit by the economic fallout. Doing so is not just a matter of economic justice, it is the best way to stabilize the economy.

We greatly appreciate that many of these items have already been incorporated in legislation that is under consideration in Congress. We welcome the opportunity to work with you, and fully support those efforts, in the coming weeks and months.

### **A Comprehensive Consumer Agenda to Address COVID-19**

#### **1) Take steps to reduce the spread of the disease.**

Halting the spread of COVID-19 is a top priority, which must be front and center in any agenda to address the crisis.

- **Create a comprehensive national paid sick leave policy.** Lack of paid sick leave encourages tens of millions of workers, including restaurant staff, rideshare drivers, retail cashiers, farmworkers, and others, to continue working when they are sick, which helps to spread foodborne illness and other diseases. This threatens to nullify hard won gains from social distancing. A comprehensive national paid sick leave policy must ensure that all employees, including independent contractors, have the economic support they need to take

off work when they are sick and that employers who need support to provide paid leave get it. It is not enough just to adopt such a policy; to be effective it must be enforced.

## 2) **Protect those hardest hit from economic hardship**

Workers who lose their jobs, have to stop work because of illness, or have paychecks suspended during the COVID-19 crisis may struggle to pay mortgages and other loans, utility bills for essential services, and for other necessities. They may also be vulnerable to scams and misleading practices. A comprehensive policy to address the crisis must include policies to address these concerns.

- **Provide forbearance to economically distressed mortgage borrowers.** Any homeowner experiencing economic hardship because of the virus must have immediate access on request to their loan servicer to obtain a 180-day forbearance on paying their mortgage. Servicers should be required to immediately notify mortgagors of this option, and it should be granted on a simple attestation of need. Forbearance should be renewable for an additional 180 days if warranted by continuing economic distress. In order to ensure that the economic burden is not simply delayed until after the immediate crisis ends, consumers should be able to have the missed payments added to their current mortgage and must not be required to repay them in one lump sum.
- **Halt evictions and foreclosures.** There must be a 180-day moratorium on all evictions for any tenants experiencing economic hardship because of the virus. Support should be provided to property owners who suffer rental income losses as a result. Servicers must not be permitted to proceed to foreclosure or conduct a foreclosure sale or post-foreclosure eviction on any borrower economically affected by the virus, and any payments on trial or other mortgage modifications also should be suspended without jeopardizing or ending the modification in place.
- **Cancel student loan payments for the duration of the crisis.** Relief must apply broadly to all student loan programs and all borrowers. It is not enough to pause monthly payments. Relief must ensure that the government makes borrowers' student loan payments on their behalf, thereby guaranteeing that millions of Americans can continue to make progress on their debts as the economy struggles. If relief takes the form of direct federal payment, those payments must be tax-free. Protections against debt collection and garnishment of wages, tax refunds, federal benefit payments, and Social Security benefits must also apply. This would also ensure that any stimulus checks that are sent to families to address the economic fallout of the coronavirus pandemic are not seized to repay defaulted student loans.
- **Suspend debt collection.** Debt collection activities, including legal proceedings, garnishments, repossessions, and debt selling, must be prohibited during the state of emergency. Consumers should be able to stop automatic payments. No interest or fees should be assessed for failure to pay debts during this time.
- **Curtail high-cost lending schemes.** Consumer protections must apply to high-cost credit, such as payday loans, refund anticipation loans, and car title pawns to ensure that vulnerable

consumers aren't trapped in a cycle of debt. Rates on these and other similar loans should be capped at 36%.

- **Place a moratorium on negative credit reporting.** To protect consumers' credit records during the pandemic, there should be a moratorium of at least four months on negative credit reporting. A method should be established for consumers to seek an additional period of credit reporting protection if they continue to experience financial hardship as a result of the crisis. To help consumers monitor the impact of the crisis on their credit record, credit reports and credit scores should be available for free during and for a reasonable period after the end of the crisis.
- **Suspend utility shutoffs.** To assist those who struggle to pay utility bills for essential services such as electricity, gas, water, and communications as a result of the economic fallout from the crisis, utility regulators, governmental bodies, or the providers themselves must impose a moratorium on all utility shutoffs during the crisis. Once the crisis is over, providers must work with customers to provide reasonable terms for catching up on bill payments.
- **Maintain consumers' access to affordable communications services.** At a time when remote communications are more critical than ever, all service providers should abandon pricing and network management practices that seek to maximize revenues at the expense of easy access to affordable communications. How best to achieve a policy that maximizes communications will vary among service providers. For example, big broadband and wireless providers should suspend overcharges for "excess" data usage, terminate all service cut-offs, and manage their networks to make maximum capacity available to the public. In deciding how to respond, service providers must ask themselves not, "What is the minimum I must do to look good?" but, "What is the maximum I can do to protect the public health and safety and promote the public interest?"
- **Require big data platforms to promote the public interest.** Big data platforms have taken baby steps recently to clean up their platforms of misleading information. During this crisis, they must take more aggressive steps to ensure that their big microphones promote the public interest, not the corporate bottom lines. Non-commercial messages and information from public health, safety and governmental entities instructing the public on responses to the pandemic must be given prime location on all screens and in all search results (taking precedence over paid advertising or preferentially treated content). Platforms must act against misleading or exploitative messaging, aggressively identifying, labeling, and/or, where the abuse is substantial, banning such abuse.
- **Prevent misleading advertising and price-gouging.** Companies that develop and place advertisements, and the media that carry them, must ensure that any claims related to the coronavirus are accurate and not misleading. Online marketplaces that facilitate third-party sales to consumers should review listings and reject those that make misleading claims or that offer basic necessities at unusually high prices.

**3) Ensure that consumers' interests are protected as industries seek federal financial support.**

Industries hardest hit by COVID-19 are seeking federal financial support to help them weather the crisis. Congress must ensure that consumers' interests are protected as part of any measure to provide support to these industries.

- **Mandate fairness in the skies.** Airlines must immediately waive their cancellation and change fees for all consumers who currently have tickets and who purchase new tickets until the federal state of emergency is lifted. As a condition of any bailout for the airline industry, Congress should make systemic changes to the industry going forward, including requirements for price transparency, making fees for cancellations, changing flights, and checking bags proportionate to actual costs, lifting state preemption, and providing consumers with private rights of action.
- **Accommodate hotel customers.** As organizations and individuals have heeded requests to limit non-essential travel and cancel events, hotels have, in some cases, sought to recover those losses from event sponsors and consumers. As a condition of any bailout for the hotel industry, Congress must require hotels to honor requests for room and event cancellations without penalty and to refund deposits. This policy should remain in effect until the federal state of emergency is suspended or recommendations to limit travel and events are lifted. Going forward, hotels must provide full transparency on hotel charges and extra fees.
- **Reduce auto insurance premiums to reflect reduced driving.** Insurers should be required to offer discounts to people driving significantly less due to COVID-19. Miles driven is a key factor driving claims costs for insurers, and miles driven will drop dramatically as workers are laid off, switch to telework, or self-isolate in response to the pandemic. Hard-pressed consumers should benefit from that reduction in costs rather than insurers reaping an unexpected windfall. For more information, read [CFA's letter](#) to Insurance Commissioners.

On behalf of American consumers, we appreciate your efforts and attention to these critical items. The Consumer Federation of America stands ready to support your efforts in implementing these important policies.

Sincerely,



Jack Gillis  
Executive Director

*[The Consumer Federation of America](#) is an association of more than 250 nonprofit consumer organizations that was established in 1968 to advance the consumer interest through research, advocacy, and education.*