

PFL Academy

Teacher Guide: Chapter 5.4 — Consumer Credit Legislation

OVERVIEW

TIME	MATERIALS	PREREQUISITES
45-50 Minutes	Student Activity Packet	Understanding Credit Scores (L-23)

LESSON FLOW

5 min THE CHALLENGE

- Read Marcus's scenario—he faces three distinct violations.
- Ask: "What do you think Marcus can do about each problem?"

10 min CORE CONCEPTS

- Review the 5 major laws using acronyms (TILA, FCRA, ECOA, FDCPA, CARD).
- Create a quick reference: "Who protects what?"
- Explain that CFPB enforces most of these laws.

25-30 min APPLY IT

- **Part A (15 min):** Scenario analysis. Have students work in pairs to identify laws.
- **Part B (5 min):** Rights matching. Quick individual work.
- **Part C (10 min):** Action steps. Discuss dispute process together.

10 min CHECK YOUR UNDERSTANDING

- Review Q4 to tie back to Marcus's challenge.
- Discuss Q5 reflection—why do these protections matter?

DIFFERENTIATION

Support

- Create a law acronym cheat sheet for reference.
- Provide a simplified scenario for each law.
- Work through Part A as a whole class first.

Extension

- Research recent CFPB enforcement actions.
- Write a sample dispute letter for a credit report error.
- Investigate how the CARD Act changed credit card practices.

ANSWER KEY

Part A: Law Application Scenarios

- 1. Truth in Lending Act (TILA).** Requires all costs to be disclosed before signing. Javier can request refund of undisclosed fee or file complaint.
- 2. Equal Credit Opportunity Act (ECOA).** Prohibits discrimination based on gender/marital status. Sophia can file complaint with CFPB; creditor must provide specific reasons for denial.
- 3. Fair Debt Collection Practices Act (FDCPA).** Prohibits calls after 9 PM, harassment, and threats to contact employer. Lena can demand they stop calling and report violations.

Part B: Consumer Rights Matching

4. Fair Credit Reporting Act (FCRA)
5. Credit CARD Act
6. Truth in Lending Act (TILA)
7. Equal Credit Opportunity Act (ECOA)

Part C: Taking Action

8. (1) Get free credit report from annualcreditreport.com, (2) Submit dispute in writing to credit bureau with documentation, (3) Bureau must investigate within 30 days and respond.
9. Consumer Financial Protection Bureau (CFPB), Federal Trade Commission (FTC), state Attorney General's office.

Check Your Understanding

1. B (Truth in Lending Act)
2. Before FDCPA, collectors used harassment, threats, late-night calls, and deception. The law established hours (8 AM-9 PM), banned threats, and gave consumers right to demand written verification.
3. 30 days to investigate and respond.
4. Incorrect debt: FCRA (dispute rights). Late-night calls: FDCPA (prohibits calls after 9 PM). Denial without explanation: ECOA (must provide reasons).
5. *Responses should mention: preventing abuse, ensuring transparency, protecting vulnerable consumers, creating fair marketplace. Without laws, lenders could hide costs, discriminate freely, and collectors could use any tactics.*

COMMON MISCONCEPTIONS

Misconception	Clarification
"Debt collectors can call anytime they want."	FDCPA limits calls to 8 AM-9 PM local time. You can also request in writing that they stop calling entirely.
"I can't do anything about errors on my credit report."	FCRA gives you the right to dispute errors. Bureaus must investigate within 30 days and correct verified errors.
"Lenders can deny credit for any reason."	ECOA prohibits discrimination based on protected characteristics. Lenders must provide specific, legitimate reasons for denial.