

CFPB Takes Action Against Carrington Mortgage for Cheating Homeowners out of CARES Act Rights

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WASHINGTON, D.C. – The Consumer Financial Protection Bureau (CFPB) is taking action against Carrington Mortgage Services for deceptive acts or practices under the Consumer Financial Protection Act in connection with mortgage forbearances. The CFPB found that Carrington failed to implement many protections, provided to borrowers with federally backed mortgage loans who were experiencing financial hardship, during the COVID-19 public health emergency. The CFPB found that Carrington misled certain homeowners who had sought a forbearance under the CARES Act into paying improper late fees, deceived consumers about forbearance and repayment options, and inaccurately reported the forbearance status of borrowers to the big three credit reporting companies: Equifax, Experian, and TransUnion. The CFPB is ordering Carrington to repay any late fees not already refunded, repair its faulty business practices, and pay a \$5.25 million penalty that will be deposited into the CFPB’s victims relief fund.

“Carrington Mortgage unlawfully withheld legally mandated pandemic protections, wrongly imposed fees, and reported false information to credit reporting companies,” said CFPB Director Rohit Chopra. “Homeowners were misled and denied key protections at a time when they were in most need of help.”

Carrington Mortgage Services is a non-bank mortgage servicer headquartered in Anaheim, California. Carrington operates in all 50 states and services a large number of federally backed mortgage loans, which are made or guaranteed by federal agencies or government-sponsored entities (GSEs). As of September 2020, Carrington serviced nearly half a million federally backed mortgage loans: more than 65% were Federal Housing Administration loans, nearly 20% were U.S. Department of Agriculture loans, slightly more than 10% were Veterans Benefits Administration loans, and about 5% were loans backed by GSEs.

In 2020, Congress passed the CARES Act, which provided mortgage protections to borrowers with federally backed mortgage loans who were experiencing financial hardship during the COVID-19 public health emergency. One key protection was that mortgage servicers were required to provide forbearances of up to 180 days upon request. Borrowers were also afforded certain credit reporting protections. Federal agencies and GSEs also issued their own guidelines to servicers about assistance for borrowers during the pandemic.

The CFPB investigated Carrington and found they violated the Consumer Financial Protection Act when they misrepresented the requirements of the CARES Act and related federal agency guidelines. The company misrepresented to borrowers that they could not have 180 days of forbearance upon request and that certain borrowers could not have forbearance at all. Carrington also implied that homeowners had to make more detailed attestations than were actually required by law, and the company imposed late fees when they were not permitted.

Specifically, the CFPB found that Carrington:

- **Wrongly charged late fees:** Carrington deceived certain borrowers, stating they were required to pay late charges they did not owe while their accounts were in forbearance. Carrington also falsely told borrowers in forbearance that they would “be assessed” or had “been assessed” late charges. In some cases, Carrington did wrongfully charge late fees.
- **Repeatedly provided false information about pandemic protections:** Carrington told certain homeowners that they were required to remit their monthly payments “immediately” and could be facing foreclosure proceedings if they did not do so. In fact, no payment was required nor could the homeowners face foreclosure proceedings. The company also misrepresented to homeowners that they needed to provide specific reasons in order to obtain a forbearance when they only needed to attest to financial hardship during the pandemic. Carrington also told homeowners that to get a forbearance of more than 90 days, they had to make another request after the first 90 days.

- **Botched homeowners' credit reports:** Carrington illegally furnished information to consumer reporting companies that certain borrowers' accounts were delinquent, rather than current, even though the homeowners' accounts were current entering forbearance. Carrington also inaccurately furnished reports on the delinquency of certain homeowners in forbearance who were delinquent at the time they entered forbearance. Carrington failed to promptly notify the big three credit reporting companies about the errors.

Enforcement Action

Under the Consumer Financial Protection Act, the CFPB has the authority to take action against institutions violating consumer financial protection laws, including engaging in unfair, deceptive, or abusive acts or practices. The CFPB's investigation found that Carrington violated the Act's prohibition on deceptive conduct, as well as certain provisions of the Fair Credit Reporting Act and its implementing regulation, Regulation V.

The order requires Carrington to:

- **Provide redress to consumers:** Carrington must conduct an audit to ensure any improperly charged late fees have been refunded to consumers, and if not, to refund them.
- **Repair its faulty business practices:** Carrington must assess customer service staffing and provide training relating to applicable CARES Act and agency and GSE guidelines. The company must also establish policies and procedures to prevent the issues from recurring.
- **Pay \$5.25 million in fines:** Carrington must pay a \$5.25 million penalty to the CFPB, which will be deposited into the CFPB's victims relief fund.

[Read today's order.](#) 

Consumers can submit complaints about mortgages and other financial products or services by visiting the CFPB's website or by calling (855) 411-CFPB (2372).

Employees of companies who they believe their company has violated federal consumer financial protection laws are encouraged to send information about what they know to whistleblower@cfpb.gov.

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The Consumer Financial Protection Bureau (CFPB) is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit www.consumerfinance.gov.

