Washington State Department of Financial Institutes Warns Consumers About Internet Payday Loans

Local News

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Olympia – The Washington State Department of Financial Institutions (DFI) urges consumers seeking short-term and/or small loans from companies seen on TV or online to be vigilant, read the small print and make sure any company they do business with is licensed to make loans in the state of Washington. Consumers should be aware that Internet lenders not licensed in Washington State may also not be adhering to our state’s laws. Because of this, the protections in our state’s laws - including limitations on fees that may be charged and laws relating to collection practices - may not be available to consumers using these services should they have trouble with the lender down the line. “Internet payday lenders who are not willing to abide by Washington law are not welcome to do business with Washington consumers,” DFI Director Scott Jarvis said. “As the state regulator, it’s our job to enforce the consumer protection laws adopted by our legislators – businesses refusing to play by the rules should take note – and be prepared for DFI to take action against them.”

“Most Internet-based payday loan lenders are, in fact, not licensed to do business in Washington,” DFI Director of Consumer Services Deborah Bortner explains. “When a consumer takes a loan from an unlicensed lender, there is very little we can do to protect them, and often little we can do to the company if they don’t adhere to our laws, especially if they are located outside of the United States.” DFI’s Consumer Services division issued a temporary cease and desist order Oct. 6 against Cash Advance Now, a company located in Costa Rica that has never been licensed to do business in Washington State. DFI investigators allege that in addition to the company’s violation of state and federal collections laws, the company’s unlicensed activities leave Washington borrowers unprotected by the surety bond requirement of Washington’s Check Cashers and Sellers Act, nor are they protected by the fee limitations in Washington law. Complaints regarding unlicensed Internet payday lenders are an increasing concern. Now that Washington law limits consumers to eight payday loans per year, consumers are turning to unlicensed Internet payday lenders. In 2010 DFI has received complaints against numerous Internet payday lenders not licensed to do business in Washington State, including: · 500 Fast Cash · 7-Day Loans.com · Ameriloan · Atlas Money Online aka First West Coast Financial Services · BIG Limited · Blackrock Lending Group · Cash 1 · Cash OnLine · Cash Transfer Centers · CashLoanNetwork · Clearwater Bay Marketing LLC · Collect500 · Cornerstone Resolution Group, Inc. · Credit Protection Depot · Credit Protection Service/Support Seven Payday Max · Discount Advances.com · e-payday-loan.com aka Web-e-payday; US Cash Advance; National Payday Advance · Easy Cash Online Store · FloBridge Group LLC; Cash-N Dash · Get E Cash · Huskhawk Marketing Group · Instant Cash USA aka Instantcashusa.com · Liberty Discount Club/Multiecomm LLC · Little Loan Shoppe America · Magnum Cash Advance · My Cash Now · Nationwide Cash Inc. · Northway Financial Corp Ltd · One Click Cash’ · Onestepcash.com; SSK LLK · Pay Day Loan · Pay Day Loan Yes · PayDayMax.com · PDL Ventures · Power Funding · Quadrant Acquisitions · Sandpoint Capital; Clearwater

Bay Marketing · Sign My Loan · Star Cash Processing · Summit Group LLC · United Attorneys Services · United Cash Loans · USFastCash · VIP Loan Shop · VIP PDL Services, LLC · Yorkview Financial Services · Zip19.com In addition to not being licensed to do business in Washington, some sites require you to provide your personal information prior to providing information about which lenders they work with. To receive a loan, you must provide access to your bank account. Payments are then deducted from the account loans were deposited in. “Consumers should know one of the biggest complaints we receive about online lenders is the over-deduction of funds from the consumers’ bank accounts,” Bortner added. DFI urges consumers to verify a lender’s license prior to signing anything, make sure you read the fine print on loan documentation and understand the details of what you are signing before committing to borrow money from any lender. “If consumers mistakenly use an unlicensed payday lender the law provides that the loan is ‘uncollectable and unenforceable’,” Bortner added, “but if the unlicensed payday lender has access to the consumer’s bank account, that doesn’t really help. Information regarding Washington State payday lending laws are available at http://dfi.wa.gov/consumers/education/payday_loans.htm. DFI urges consumers to: · **Verify the license** of a payday lender in Washington State by calling 1-877-RING-DFI (746-4334) or verifying a license online at https://fortress.wa.gov/dfi/licenselu/dfi/licenseLU/. · **Read the fine print** in any and all documents/terms of agreement you are asked to sign/agree to · **NEVER sign or agree to anything you don’t understand** · If you have a complaint against a payday lender operating in Washington, file a complaint with DFI online at http://dfi.wa.gov/cs/complaint.htm. · **Consider Alternative Solutions**: Ask about delaying or making payment arrangements on your non-interest bills like telephone and utility bills. Talk to a friend or family member about borrowing money. Ask your employer for an advance on your paycheck. · **Comparison Shop** for the lowest fees and penalties. For example, some credit unions offer payday loans with lower fees. · **Borrow Only What You Can Afford To Pay Back** · **Know When Your Payment Is Due** – most online companies will be deducting your payment directly from your bank account. · **Take Advantage Of Organizations That Are Available To Help You With Your Financial Situation** Many of these organizations offer help with budgeting, credit repair, debt repayment, and more. Contact your local consumer credit counseling service or asset building coalition.
Find Your Local Consumer Credit Counseling Service at http://www.nfcc.org/FirstStep/locator.cfm
Locate Your Local Asset Building Coalition at http://www.washingtonabc.org/node/29 · **Develop A Budget** Plan for the future by making a realistic budget to help avoid the need to borrow for emergencies and unforeseen expenses.

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About DFI www.dfi.wa.gov ? 360.902.8700 ? 877.RINGDFI (746.4334) The Washington State Department of Financial Institutions regulates a variety of financial service providers such as banks, credit unions, mortgage brokers, consumer loan companies, payday lenders and securities brokers and dealers. The department also works to improve financial education throughout Washington through its outreach programs and online clearinghouse www.dfi.wa.gov/financial-education. In addition to posting information about licensees and administrative actions, DFI uses the Web and social media to provide financial education information: www.twitter.com/FinEd4All n www.twitter.com/DFIConsumers n www.finlit.blogspot.com n www.youtube.com/user/WADFI n www.homeownership.wa.gov **About Consumer Services** www.dfi.wa.gov ? 360.902.8703 ? 877.RINGDFI (746.4334) The Washington State Department of Financial Institutions Division of Consumer Services’ mission is to protect consumers from illegal and fraudulent lending practices. The division accomplishes its mission through licensing, conducting examinations of the books and records of licensees, investigating consumer complaints,

and enforcing selected state and federal statutes and rules relating to lending practices. Consumer Services regulates the business activities of consumer loan companies, mortgage brokers, money transmitters and currency exchangers, as well as check cashers and sellers, also known as "payday lenders." The division regularly reviews the books and records of consumer loan companies, check cashers and sellers, money transmitters and currency exchangers, for compliance with state and federal law. When a company is found to have collected inappropriate fees and charges, the division makes sure that refunds are made to customers. The Division of Consumer Services is entirely self-supporting, with funding provided by licensing, auditing, and policing of regulated businesses and individuals. No money is received from the state General Fund or other public revenue source.