

SENATE BANKING COMMITTEE EXAMINES FINANCIAL PROTECTIONS FOR SERVICEMEMBERS AND VETERANS

EXECUTIVE SUMMARY

On November 2, the Senate Banking Committee held a [hearing](#) entitled, “Ensuring Financial Protection for Servicemembers, Veterans, and Their Families.” Democrats, led by **Chair Sherrod Brown (D-OH)**, emphasized the role of the Consumer Financial Protection Bureau (CFPB) in safeguarding servicemembers, and they applauded the agency’s [proposed rule](#) to remove medical debt from credit reports. They advocated for robust enforcement of the Military Lending Act (MLA), ensuring that the Servicemembers Civil Relief Act’s (SCRA) interest rate reductions are applied, and that servicemembers receive free credit monitoring services. Chair Brown also used the hearing to promote several bipartisan bills that seek to shore up financial protections for servicemembers and veterans.

Notably, **Sen. Jack Reed (D-RI)** raised concerns about the risks posed by peer-to-peer (P2P) payment apps, Buy Now, Pay Later (BNPL) products, and Earned Wage Access (EWA) services. Republicans on the Committee, led by **Sen. Mike Rounds (R-SD)**, acknowledged the need for protections but cautioned against restrictive mandates that could limit credit access. GOP senators also suggested there be a greater emphasis on financial literacy to help servicemembers better navigate financial services products.

OPENING STATEMENTS

Chair Sherrod Brown (D-OH) touted the committee’s ongoing efforts to increase financial protections for servicemembers, such as the Fair Debt Collection for Servicemembers Act ([S.2396](#)), the VA Home Loan Awareness Act ([S.3068](#)), the Governing Unaccredited Representatives Defrauding (GUARD) VA Benefits Act ([S.740](#)). Chair Brown emphasized the importance of the CFPB’s role in protecting the financial well-being of servicemembers. The Chair observed servicemembers’ complaints submitted to the CFPB about credit reports, and he raised concerns about the impacts of inaccurate credit reports and medical debt negatively affecting credit scores. Chair Brown criticized credit reporting agencies that do not offer free credit monitoring services to servicemembers, as legally required. Some financial services providers have failed to honor the interest rate caps and reductions for servicemembers as required by the SCRA, he added. Finally, the Chair remarked on the significance of the MLA, and he applauded the CFPB’s actions to enforce the law.

Sen. Mike Rounds (R-SD) agreed with Chair Brown on the importance of financial protections for servicemembers, though he maintained that they should be more than “blunt government mandates

and general prohibitions.” Sen. Rounds was concerned that such approaches could reduce servicemembers’ access to affordable credit. Instead, Sen. Rounds recommended additional efforts increase financial literacy among servicemembers and their families. Sen. Rounds raised concerns that the Native American Direct Loan (NADL) program — which is intended to increase home ownership among Native American veterans — is not meeting its full potential, and he touted his NADL Improvement Act ([S.185](#)) to address this issue.

WITNESS TESTIMONY

Mr. Cory Titus ([testimony](#)), of the Military Officers Association of America, emphasized the significance of the CFPB’s efforts in safeguarding the financial well-being of servicemembers, veterans, and their families. He discussed the CFPB’s work to address complaints and engage in enforcement actions, especially against MLA violations. In his testimony, Mr. Titus underscored the importance of maintaining a robust CFPB, warning against any reduction in the agency’s capabilities.

Ms. Andia Dinesen ([testimony](#)), of the Association of Military Banks of America, touted her organization’s joint program with the Department of Veterans’ Affairs (VA), called the Veterans Benefits Banking Program ([VBBP](#)), which she characterized as an example of effective public-private partnership. In her written testimony, she highlighted a few key points: (1) the MLA has protected many military families from predatory lenders but has also unintentionally limited their access to short-term, small-dollar lending; (2) the SCRA has protected servicemembers from predatory financial practices, but it has also caused confusion for banks; and (4) federal agencies best serve servicemembers and veteran when collaborating with the private sector.

Ms. Kelly Hruska ([testimony](#)), of the National Military Family Association, stated that the MLA significantly reduced predatory lending to military families, and she described the CFPB’s role in enforcing the MLA. She supported the CFPB’s proposed rule to remove medical debt from credit reporting, explaining the medical debt challenges that many military families face. Ms. Hruska also applauded passage of the [No Surprises Act](#) to address surprise medical bills. She urged Congress to ensure continued protection for military families through the MLA, SCRA, and CFPB.

DISCUSSION AND QUESTIONS

CFPB, Credit Reporting, & Medical Debt

- When **Sen. Jack Reed (D-RI)** and Chair Brown asked about the potential impacts of the CFPB’s funding mechanism being declared unconstitutional by the Supreme Court of the U.S. (SCOTUS), Mr. Titus concurred that such a development would harm the ability of servicemembers to ensure that their legally mandated financial protections are enforced. Ms. Hruska agreed.
- **Sen. Bob Menendez (D-NJ)** asked which entity servicemembers could turn to for financial protection-related issues in the absence of the CFPB. Ms. Hruska mused that servicemembers would likely reach out more to the Department of Defense (DoD) as well as veterans and military service organizations.

- When asked by Chair Brown, Mr. Titus stated that servicemembers are entitled to free credit monitoring services from credit reporting agencies but do not always receive them.
- **Sen. Elizabeth Warren (D-MA)** asked why servicemembers are being faced with large amounts of medical debt despite high-quality insurance coverage through TRICARE. Ms. Hruska pointed to emergency medical situations, specialized services, and slow TRICARE payments as possible causes.
- Sen. Warren called for DoD to collect more information about servicemembers' medical debt, as has been recommended by the CFPB. She asked whether CFPB's proposed medical debt rule would help servicemembers. Ms. Hruska said yes, adding that the proposal would also help the CFPB and DoD collect more data about servicemembers' medical debt.
- **Sen. Chris Van Hollen (D-MD)** expressed support for the CFPB's proposed medical debt rule, and he referenced his Strengthening Consumer Protections and Medical Debt Transparency Act ([S.2483](#)) to further address the issue of medical debt.

P2P, BNPL, & EWA

- Sen. Reed noted that the CFPB's [annual report](#) indicated that complaints related to P2P instant payment apps — such as Zelle — are higher for servicemember and veteran populations. When asked to explain this issue and what Congress can do, Mr. Titus first commented on the usefulness of P2P apps for servicemembers, but he raised concerns that the apps are not offering sufficient resolution and support to help servicemembers when problems arise. Mr. Titus argued that there is limited understanding within P2P payments companies about the unique challenges that servicemembers face, including the high risk of identity theft.
- Sen. Reed contended that new financial services products entering — such as BNPL and EWA services — can pose new threats to servicemembers. In response, Ms. Hruska continued to emphasize the importance of the CFPB in addressing new risks that arise from evolving financial services technologies.

MLA & SCRA

- Chair Brown asked whether most financial institutions automatically apply SCRA rate reductions for all servicemember accounts. Mr. Titus answered no. Chair Brown then asked whether more servicemembers would get SCRA rate reductions if creditors proactively checked and identified accounts servicemembers had with their institutions. Mr. Titus answered yes, emphasizing the importance of simplifying this process for servicemembers.
- Sen. Van Hollen discussed the importance of the CFPB's enforcement of the MLA, and he supported extending MLA protections to veterans and Gold Star families. Mr. Titus also expressed support for this proposal. Ms. Hruska added that Gold Star families are particularly targeted by bad actors because they continue to steadily receive military benefits.
- Sen. Van Hollen asked the witnesses whether increasing financial literacy alone would be sufficient without the MLA protections. Both Ms. Hruska and Mr. Titus stressed the importance of the CFPB continuing to enforce the MLA.

Benefits Claims, Home Refinancing, Employment, & Preventative Services

- Sen. Rounds asked how Congress can ensure that the DoD and VA benefits for servicemembers are provided when they submit claims. Ms. Dinesen explained that her organization's VBBP program will sometimes connect veterans to the VA to revolve benefits-related issues. Sen. Rounds asked whether the CFPB is involved in resolving claims-related issues, which the witnesses were unable to answer. Sen. Rounds expressed his desire to prioritize ensuring that veterans can receive the DoD and VA benefits that they are entitled to.
- In response to **Sen. Jon Tester's (D-MT)** question about what Congress can do to hold bad actors accountable, Mr. Titus recommended passing the GUARD VA Benefits Act.
- **Sen. J.D. Vance (R-OH)** was concerned about predatory home loan refinancing for veterans. Mr. Titus explained that predatory home loan refinancing schemes are a constant problem that ebbs and flows depending on interest rates. He described a wide range of tactics, including yard signs and mailing targeted at servicemembers.
- To address predatory refinancing schemes, Sen. Vance asked whether adding adjustable-rate fixed mortgages would benefit veterans. Ms. Hruska answered in the affirmative, though she added that both servicemembers and veterans should have access to the same products and services.
- Sen. Menendez asked about the effectiveness of DoD policies aimed at helping servicemember spouses find meaningful employment. Ms. Hruska stated that DoD has been responsive in helping servicemember spouses find employment, but she observed that the group's unemployment rate has been consistently high.
- Sen. Menendez asked what Congress could do to enhance preventative services — such as mental health and substance abuse counseling — to address homelessness among veterans. Mr. Titus emphasized the importance of preventative services and benefits being provided as veterans begin the transition to civilian life.

General Protections

- When prompted by Sen. Tester to explain which agencies are responsible for ensuring financial protection for servicemembers and veterans, Mr. Titus stressed the importance of collaboration between federal agencies. Ms. Dinesen agreed with Mr. Titus, adding that cooperation between the agencies and the private sector is also important.
- Sen. Tester asked the witnesses to describe the groups that are financially exploiting servicemembers and veterans. Mr. Titus remarked that there has been a trend toward organized bad actors, such as coordinated groups of claim sharks.
- **Sen. Katie Britt (R-AL)** asked a general question regarding the challenges that servicemembers and their families face when entering service. Mr. Titus said that addressing the financial protection issues faced by servicemembers required a "whole of community" approach that includes government, private sector, and other organizations.