

Articles + Publications | February 12, 2025

CFPB Continues “Pausing” Litigation: This Time in Medical Debt Rule Litigation

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This article was originally published in the [Consumer Financial Services Law Monitor](#) on February 7, 2025 and republished in [insideARM](#) on February 12, 2025.

On February 6 2025, the Consumer Financial Protection Bureau (CFPB or Bureau) requested and was [granted](#) a 90-day stay in the litigation involving trade associations Cornerstone Credit Union League (Cornerstone) and the Consumer Data Industry Association (CDIA). This case, which challenges the CFPB’s Final Rule on the prohibition of medical debt information in consumer reports, has been temporarily halted as the Bureau undergoes significant leadership changes.

As discussed [here](#), on January 7, 2025, the plaintiff trade associations filed a complaint against the CFPB, challenging the Final Rule issued by the Bureau. The rule, titled “Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information (Regulation V),” amends Regulation V, which implements the Fair Credit Reporting Act (FCRA), to eliminate the exception that previously allowed lenders to use certain medical information in making lending decisions. The rule also prohibits consumer reporting agencies from including medical debt information on consumer reports and credit scores sent to lenders. The plaintiffs argued that the rule exceeded the CFPB’s statutory authority and is arbitrary and capricious.

On February 6, 2025, the U.S. District Court for the Eastern District of Texas granted the CFPB’s unopposed motion to stay the proceedings. The court’s order sets the following schedule:

- **90-Day Stay of the Rule’s Effective Date:** The effective date of the Final Rule is stayed until June 15, 2025.
- **90-Day Stay of Litigation:** All deadlines in the case are stayed until May 7, 2025.
- **Rescheduling of Preliminary Injunction Hearing:** The hearing on the plaintiffs’ motion for a preliminary injunction is rescheduled to May 12, 2025.

This stay comes in the wake of significant changes at the CFPB, including the removal of Director Rohit Chopra and the appointment of Treasury Secretary Scott Bessent as Acting Director.

Troutman Pepper Locke’s Take

The CFPB's request for a stay in this case aligns with its broader strategy to pause litigation and enforcement actions amid the leadership transition. As discussed [here](#), the CFPB filed an "Emergency Notice" in the U.S. Court of Appeals for the Fifth Circuit, pausing the litigation challenging the Small Business Lending Data Collection final rule under Section 1071 of the Dodd-Frank Act. The Bureau has instructed its counsel not to make any appearances in litigation except to seek a pause in proceedings. This directive is part of a broader halt on most CFPB activities, as the agency reassesses its priorities and strategies under Acting Director Bessent.

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