

CFPB Office of Servicemember Affairs Releases Annual Report

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The Consumer Financial Protection Bureau (CFPB) Office of Servicemember Affairs released its [annual report](#), detailing over 17,000 complaints filed by servicemembers, veterans, and their families in 2021. The largest number of complaints concerned incorrect information on credit reports; closely related to the first complaint was the failure of credit reporting agencies to swiftly and thoroughly respond to these complaints. For a population with robust government-sponsored health care coverage, servicemembers faced a significant amount of billing issues with private medical companies. Reserve-component soldiers and National Guard members, who may not enjoy health insurance coverage in their civilian status, faced notable difficulties in this respect. In response, the CFPB intends to use its authority to gather additional data to more fully understand the scope of these issues and to ensure medical providers and credit reporting companies do their best to support servicemembers and their families.

Credit Reporting and Medical Billing Issues

Like members of the general public, servicemembers complained of inaccurate information on their credit reports and frequent unsuccessful attempts to correct these erroneous reports. Their frustration was often increased based on the unique difficulties faced by military members and their families. For example, recurring deployments and transfers from one base to another — often overseas — increased the chances military families could encounter billing issues with providers for cable, internet, cellular phone, or utility services.

As noted, a significant source of billing issues derived from disputed medical bills and inaccurate credit reporting. While military members and their families have government-provided health care coverage, visits to health care providers at nonmilitary facilities (e.g., to seek care from a private medical specialist) posed unique challenges. Some nonmilitary health care providers billed both the military health insurance provider — Tricare — and the servicemembers themselves. Others failed to bill Tricare altogether and incorrectly billed the servicemember directly.

When servicemembers complained to credit reporting agencies (CRAs), they reported that CRAs and furnishers failed to adequately or rapidly correct errors. Servicemembers, along with their fellow citizens, are entitled to dispute inaccurate information on their credit reports under the Fair Credit Reporting Act (FCRA). And as with their civilians, CRAs and furnishers have often fallen short in their responsibility to take appropriate action. However, the consequences of inaccurate credit reporting for servicemembers are dire because credit problems can impact security clearances and can result in involuntary separation from the armed services.

Citizen Soldiers and Veterans Face Additional Challenges

The dual status of servicemembers who serve as reserve-component soldiers or in the National Guard often creates difficulties not faced by active-duty servicemembers. For example, a reserve-component soldier on an extended military duty assignment might be entitled to government-provided health care. But if they are injured shortly after completing their assignment, they may either not have health insurance at all or could be required to rely on coverage provided by a civilian employer. This adds a significant layer of complexity in identifying the member's correct status and in ensuring the correct provider pays for the member's health care expenses.

Likewise, veterans may find themselves caught in a no-man's land of health care coverage. Many veterans are entitled to no-cost health care at Department of Veteran Affairs (VA) facilities or are entitled to coverage with low or no co-pays at non-VA facilities. However, confusion regarding VA policies on the part of veterans and medical facilities often leads to frustrating disputes. Accordingly, the VA has revised its credit reporting rules and has limited the reporting of medical debts to CRAs only when the VA (1) has taken all steps to collect the debt, (2) has determined the veteran is not catastrophically disabled or entitled to free medical care from the VA, and (3) has confirmed the debt exceeds a minimum threshold of \$25.

What the CFPB Intends to Do

To resolve the difficulties faced by servicemembers, their families, and veterans, the CFPB intends to continue to aggressively study the issue and propose appropriate policy changes and regulations. The CFPB's efforts include educating medical providers, third-party billing companies, and CRAs on their responsibility to correctly bill Tricare or the VA and to work with servicemembers to ensure they are not billed incorrectly. Likewise, the CFPB intends to ensure those responsible meet their FCRA obligations to correct inaccurate information on credit reports. The CFPB also recommends that health care providers, third-party billing companies, and CRAs emulate the steps taken by the VA to limit the negative effects of medical debt reporting on military members and their families.

We're Here to Help

Since the CFPB has pledged to take action to ensure the rights of servicemembers and to protect their families, it is advisable for health care providers and credit reporting companies adjust their compliance programs to prevent issues rather than wait for an enforcement action to begin after a reported complaint. We have the experience to assist.

Our clients are reminded of the broad protections our servicemembers have earned through their volunteer service, and we encourage them to seek assistance if they have questions about how to best implement these rights. Troutman Pepper's [Military Lending Practice Group](#) includes one of the oldest and most well-respected consumer financial services and regulatory practices in the nation. Let us help you ensure our military members are being rewarded for their valuable service to our nation.

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