

# CFPB May Lose Ability to Enforce Regulations In-House

## Banking Brief: Financial Services Insights

By Michael Cortina on May 22, 2025

On May 12, 2025, the Consumer Financial Protection Bureau (CFPB) filed a notice that seeks to rescind changes made in 2022 for administrative adjudications. The rules for administrative adjudications allowed the CFPB to enforce many cases in-house instead of in federal court.

Rescission of these rules would decrease the authority of the director of the CFPB in the management of cases, in turn leading to fewer regulations for lenders.

### Overview of CFPB Rule Changes

The rule changes from 2022 were seen positively by consumer advocate groups but negatively by trade groups. Trade groups argued that the 2022 rules lead to a lack of due process for defendant companies due to what they called the “unprecedented authority” that was given to the director. Because of this, trade groups will likely see the proposed rescission in a positive light.

While the rescission of these rules will likely be lauded by trade groups, it is entirely unclear as to what impact it will actually produce. No CFPB in-house proceedings under the 2022 rules ever actually occurred, so the removal of the rules simply means that no proceedings under the 2022 rules ever will occur.

This is just one example of many changes occurring at the CFPB. No new enforcement actions have been brought by it since Director Vought took the helm in February, and over a dozen enforcement actions that were in progress were dismissed.

### What Do These Changes Mean for Lenders?

A less powerful CFPB will likely be hailed by some and reviled by others. But while there will be fewer rules of, and enforcement actions by, the CFPB, lenders still need to ensure that they strictly adhere to their own internal policies and procedures. While having less power and authority, regulators will still inspect for safety and soundness.

Fewer regulations does not mean that lenders can make poor decisions that lead to unsafe practices it simply means that they will need to police themselves with internal reviews and inspections so that their accepted practices maintain the high standards necessary for a healthy industry.

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