

Since Rohit Chopra’s removal as Director of the Consumer Financial Protection Bureau (“CFPB”) on January 31, 2025, uncertainty has been the only constant for the agency. The Trump Administration (“Administration”) swooped in and ultimately eliminated most of the administrative state within a couple of days, as he had campaigned on doing. With that uncertainty comes clients (in this case, consumers or debt collectors) attempting to navigate the turbulent waters of a legal system on the fringe. However, the CFPB will not likely be abolished in its entirety. *Nat’l Treasury Emp. Union v. Vought*, 2025 WL 942772 (D. D.C. 2025) (*cert granted*). Still, it will be scaled back, but it will continue to have enough bite to stop abusive collection methods, as with the rest of the administrative state, if this Administration continues this path. *Consumer Fin. Prot. Bureau v. Law Offices of Crystal Moroney, P.C.*, 63 F.4th 174 (2nd Cir. 2023) (holding enforcement actions are still valid in the wake of *Selia Law*); *Selia Law LLC v. Consumer Fin. Prot. Bureau*, 591 U.S. 197 (2020). Ultimately, these changes will likely benefit debt collectors and the industry.

## **I. UNCERTAINTY EQUALS LOOSER OVERSIGHT.**

“The only true power is in the uncertainty of the law.” As attorneys, we are experts in zealously advocating for our clients, even when the outcome may be uncertain. It is for that exact reason that with looser regulations, good litigators will flock to this area of law during the term of this Administration. Debt collectors and their attorneys could face less aggressive means of enforcing collection methods if the regulations are lax. While the regulation is lax, the agency still exists and is not going

anywhere. Collection agencies must follow the law but might not have to jump through as many hoops.

As is the nature of the administrative state, it will probably change during the next President's term. Collection agencies will likely invest heavily (and as attorneys, we should encourage our clients to listen) in compliance systems, which may take the form of software, training, or monitoring. Debt collectors who underestimate future regulatory practices under the administrative state structure, i.e., thinking the CFPB will disappear when it will not *Vought*, 2025 WL 942772 (D. D.C. 2025), risk violating existing or even new standards if the political wind shifts, as they are likely to.

## **II. STATE-LEVEL REGULATION CAN STEP IN IF FEDERAL REGULATION FAILS.**

If the CFPB weakens, states will likely step up and protect their citizens. For example, some states have their consumer protection agencies to fill in the gaps that the CFPB does not cover. The question will then turn to an analysis of preemption by federal law. However, with the CFPB's weakened state, the field will be wide open for states to cover. While this might seem extremely burdensome at first, it could lead to an overall consolidated system of rules and regulations that work. Think about Delaware and its corporate law structure. Delaware has focused almost its entire existence on being corporation-friendly, so much so that now Delaware is the standard. Some states tend to have stricter rules than even the CFPB if they are not preempted by federal law, which is trending to not being the case if the CFPB no longer occupies the field. *Aargon Agency, Inc. v. O'Laughlin*, 70 F.4th 1224 (9th Cir. 2023).

Also, the competition among the various states could lead to extreme benefits for a multi-state debt collection company. Competition breeds excellence in our capitalistic society. Those companies and the attorneys representing them who can navigate the myriad complex system of rules will only benefit from a more state-dominant consumer protection field.

### **III. LEVEL OF RISK FOR THE CONSUMER.**

Without strong federal oversight, state regulations will dominate the landscape; however, the federal system will not completely disappear. Consumers will now be protected at two levels: federal and state. While this could prove helpful for the collection companies who can navigate the complex state systems, they will also be wary of using harsh, abrasive, or abusive collection methods. One wrong slip-up could result in expensive litigation.

The last method of consumer defense is state Attorney Generals (“AGs”). If a consumer alleges abusive collection practices by these agencies, the AGs can step in for the state, independent of the CFPB. However, if the agency violates federal law, the CFPB might also become involved in a potential suit.

In sum, while the CFPB’s future may seem uncertain, its influence is far from extinguished. As federal oversight wanes, state-level regulation is poised to rise in prominence, creating new challenges and opportunities for those in debt collection. Ultimately, companies and attorneys who can adapt to this shifting regulatory terrain will be strategically advantaged. In this environment, vigilance, flexibility, and forward-thinking compliance strategies will be the cornerstones of legal success.