

UNITED STATES OF AMERICA
BUREAU OF CONSUMER FINANCIAL PROTECTION

ADMINISTRATIVE PROCEEDING

File No. 2019-BCFP-0003

In the Matter of:

ENOVA INTERNATIONAL, INC.

CONSENT ORDER

The Bureau of Consumer Financial Protection (“Bureau”) has reviewed the practices of Enova International, Inc. (“Enova” or “Respondent”) and has identified the following law violations. Enova engaged in unfair acts or practices in violation of sections 1031 and 1036 of the Consumer Financial Protection Act of 2010 (“CFPA”), 12 U.S.C. §§ 5531, 5536 by debiting consumers’ bank accounts without authorization and failing to honor loan extensions it granted to consumers. Under Sections 1053 and 1055 of the CFPA, the Bureau issues this Consent Order (“Consent Order”).

I
Overview

1. Enova engaged in unfair acts or practices prohibited under the CFPA by debiting consumers’ bank accounts without authorization and failing to honor loan extensions it granted consumers.

II Jurisdiction

2. Enova is an online lender that extends unsecured payday and installment loans, and lines of credit to individual consumers for personal, family, or household purposes in the United States.

3. The Bureau has jurisdiction over this matter under sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565.

III Stipulation

4. Respondent has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated January 18, 2019 (“Stipulation”), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondent has consented to the issuance of this Consent Order by the Bureau under sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565, and without admitting or denying any of the findings of fact or conclusions of law set forth herein, except that Respondent admits the facts necessary to establish the Bureau’s jurisdiction over it and the subject matter of this action.

IV Definitions

5. The following definitions apply to this Consent Order:
- a. “Board” means Respondent’s duly-elected and acting Board of Directors.
 - b. “Effective Date” means the date on which the Consent Order is issued.
 - c. “Enforcement Director” means the Assistant Director of the Office of Enforcement for the Bureau of Consumer Financial Protection, or her delegate.

- d. “Flash Cash” means the expedited loan funding program previously available to certain Enova customers who held a debit card within the program network.
- e. “Regional Director” means the Regional Director for the Midwest Region for the Office of Supervision for the Bureau of Consumer Financial Protection or his or her delegate.
- f. “Related Consumer Action” means a private action by or on behalf of one or more consumers or an enforcement action by another governmental agency brought against Respondent based on substantially the same facts as described in Section V of this Consent Order.
- g. “Relevant Period” includes the period from July 21, 2011 to the Effective Date of this Consent Order.
- h. “Respondent” means Enova International, Inc., its subsidiary entities doing business under the brand names CashNetUSA and NetCredit, and its successors and assigns.

V

Bureau Findings and Conclusions

The Bureau finds the following:

- 6. Respondent is a publicly-traded, online lender that markets and makes loans in the United States, the United Kingdom, and Brazil.
- 7. Respondent extends and services unsecured payday and installment loans and lines of credit to individual consumers throughout the United States.
- 8. Respondent, including its subsidiary entities doing business as CashNetUSA and NetCredit, is a covered person subject to the Bureau’s authority because it offers or

provides consumer financial products or services as defined by the CFPB. Respondent extends credit and services loans offered or provided for use by consumers primarily for personal, family, or household purposes. 12 U.S.C. § 5481(15)(A)(i). Respondent also collects debt related to the loans it extends. 12 U.S.C. § 5481(15)(A)(x).

Enova's Unauthorized Debiting

9. In numerous instances during the Relevant Period, Enova purchased consumer loan applications from lead generators.
10. In some instances, these applications were from consumers who already had loans from Enova.
11. During the Relevant Period, Enova's policy was to extend only one loan at a time to any consumer. If Enova purchased a loan application from a lead generator and subsequently found that the consumer already had an outstanding loan with Enova, it would deny the application.
12. The loan applications that Enova purchased from lead generators typically contained consumers' bank account information. Some consumers who already had loans from Enova listed different bank account information in loan applications they submitted to lead generators than they had provided to Enova to obtain their existing loans.
13. Beginning in 2010, Enova began using consumer bank account information it obtained from loan applications it had purchased from lead generators to overwrite consumer bank account information related to consumers' outstanding loans that Enova maintained in its systems.
14. Enova then electronically debited payments on 5,520 consumers' outstanding loans from the new bank accounts.

15. Enova did not have authorization to debit these new accounts.
16. Enova overwrote consumers' bank account information using information obtained from lead-generator loan applications it purchased until June 2014, at which time it stopped overwriting existing bank account information on newly-purchased loan applications.
17. After June 2014, Enova continued to debit or attempt to debit 265 consumers' bank accounts that had already been overwritten, at least 6,425 times. Enova did so, in most instances, without obtaining consumers' authorization to debit these accounts. Enova continued this practice until December 2018 for any of these consumers who still had outstanding lines of credit. In December 2018, the company stopped debiting any accounts for which it did not have a valid authorization.
18. Enova's debits or attempted debits of consumers' updated bank accounts without authorization injured consumers. Enova extracted millions of dollars in unauthorized debits from consumers' accounts. As a result, consumers experienced or were likely to experience unexpectedly low or negative balances, and were unable to use funds for other purposes as anticipated. Enova also made unsuccessful attempts to debit consumers' accounts, which resulted in consumers being charged insufficient funds (NSF) fees and other bank fees.
19. Between 2010 and October 2014, Enova did not inform consumers that it would debit, or had debited, their bank accounts without obtaining consumers' authorization to do so.
20. Thus, consumers could not reasonably have avoided the injury they suffered as a result of Enova's illegal debiting.

21. The injury to consumers from Enova's unauthorized debiting was not outweighed by any countervailing benefit to consumers or to competition. The cost to Enova of refraining from the practice, including controls to ensure it debited only authorized accounts, would not have been significant; there is no indication that any such cost savings would have inured to the benefit of consumers or competition; and the injury to consumers from Enova's debiting funds from their accounts without their authorization outweighs any potential benefit to consumers or competition from the practice.

22. Enova's unauthorized debiting of consumers' accounts, as described in paragraphs 9 through 21, constitutes an unfair act and practice in violation of section 1031(c) and 1036(a) of the CFPA, 12 U.S.C. §§ 5531(c), 5536(a)(1)(B).

Enova's Failure to Honor Loan Extensions

23. In numerous instances during the Relevant Period, Enova offered certain consumers a same-day expedited funding option called "Flash Cash."

24. Flash Cash was available only to consumers who had previously repaid two or more Enova loans, and who also had a debit card on file with Enova within an accepted network.

25. In some instances, funding to the debit card on file failed for consumers who selected Flash Cash funding. In those instances, Enova denied Flash Cash funding, but funded the loans to the consumer's bank account the following day.

26. From May 2013 until May 2014, Enova erroneously created two records associated with these consumers. The first record incorrectly reflected the Flash Cash loan as "returned," and a \$0 balance. The second record accurately reflected the loan Enova funded on the day following the consumer's application.

27. Some of these consumers later requested and received loan extensions from Enova. In processing those extensions, however, Enova erroneously applied the extensions to the loan files with \$0 balances instead of the loan file associated with the funded loan.

28. As a result, 308 consumers did not actually receive the extensions for which they were approved. Enova debited consumers' bank accounts for full loan payments instead of the extension fee Enova promised consumers would be debited, with the result that consumers experienced or were likely to experience unexpectedly low or negative balances, and were unable to use funds for other purposes as anticipated. In some instances, consumers incurred overdraft and NSF fees as a result of these unexpected debits.

29. Consumers first notified Enova about this issue in September 2013. In November 2013, Enova identified a coding error as the source of the problem. It implemented a coding fix in January 2014. When the fix failed ten days later, however, Enova manually disabled it. Enova did not re-enable the fix until May 2014, and did not run daily checks in the interim to ensure that the Flash Cash extension issue had been resolved.

30. Enova did not inform affected consumers that it had deducted the full loan payment amounts from their bank accounts, instead of the extension fee they had been promised would be deducted, until almost a full year later, in April 2015.

31. Because Enova did not inform consumers that it would fail to honor their loan extensions, consumers could not reasonably have avoided the harm they experienced as a result.

32. The injury to consumers from Enova's failure to honor loan extensions was not outweighed by any countervailing benefit to consumers or to competition. The injury

was caused by an error in Enova's software. The cost of debugging software would not have been significant and the erroneous practice did not confer any benefit to consumers or competition.

33. Enova's failure to honor loan extensions, as described in paragraphs 23 to 32 constitutes an unfair act and practice in violation of section 1031(c) and 1036(a) of the CFPA, 12 U.S.C. §§ 5531(c), 5536(a)(1)(B).

ORDER

VI

Conduct Provisions

IT IS ORDERED, under sections 1053 and 1055 of the CFPA, that:

34. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, are permanently restrained and enjoined from:

- i. Debiting or attempting to debit any consumer's bank account without having obtained the consumer's express informed consent, and
- ii. Making or initiating electronic fund transfers from a consumer's bank account on a recurring basis without:
 - a. obtaining a valid authorization signed or similarly authenticated from the consumer for preauthorized electronic fund transfers from that particular bank account; and
 - b. providing to the consumer a copy of the authorization signed or similarly authenticated by the consumer for preauthorized electronic fund transfers from the consumer's account.
- iii. Failing to honor loan extensions granted to consumers; and

- iv. Debiting the full payment instead of a loan extension fee to consumers granted a loan extension.

VII
Role of the Board

IT IS FURTHER ORDERED that:

- 37. The Board, or a relevant committee thereof, must review all submissions (including plans, reports, programs, policies, and procedures) required by this Consent Order prior to submission to the Bureau.
- 38. The Board will have the ultimate responsibility for proper and sound management of Respondent and for ensuring that Respondent complies with Federal consumer financial law and this Consent Order.
- 39. In each instance that this Consent Order requires the Board to ensure adherence to, or perform certain obligations of Respondent, the Board must:
 - a. Authorize whatever actions are necessary for Respondent to fully comply with the Consent Order;
 - b. Require timely reporting by management to the Board on the status of compliance obligations; and
 - c. Require timely and appropriate corrective action to remedy any material non-compliance with any failures to comply with Board directives related to this Section.

VIII

Order to Pay Civil Money Penalties

IT IS FURTHER ORDERED that:

40. Under section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law described in Section V of this Consent Order, and taking into account the factors in 12 U.S.C. § 5565(c)(3), Respondent must pay a civil money penalty of \$3.2 million to the Bureau.

41. Within 10 days of the Effective Date, Respondent must pay the civil money penalty by wire transfer to the Bureau or to the Bureau's agent in compliance with the Bureau's wiring instructions.

42. The civil money penalty paid under this Consent Order will be deposited in the Civil Penalty Fund of the Bureau as required by section 1017(d) of the CFPA, 12 U.S.C. § 5497(d).

43. Respondent must treat the civil money penalty paid under this Consent Order as a penalty paid to the government for all purposes. Regardless of how the Bureau ultimately uses those funds, Respondent may not:

- a. Claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any civil money penalty paid under this Consent Order; or
- b. Seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made under any insurance policy, with regard to any civil money penalty paid under this Consent Order.

44. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Respondent may not argue that Respondent is entitled to, nor may

Respondent benefit by, any offset or reduction of any compensatory monetary remedies imposed in the Related Consumer Action because of the civil money penalty paid in this action. If the court in any Related Consumer Action offsets or otherwise reduces the amount of compensatory monetary remedies imposed against Respondent based on the civil money penalty paid in this action or based on any payment that the Bureau makes from the Civil Penalty Fund, Respondent must, within 30 days after entry of a final order granting such offset or reduction, notify the Bureau, and pay the amount of the offset or reduction to the U.S. Treasury. Such a payment will not be considered an additional civil money penalty and will not change the amount of the civil money penalty imposed in this action.

IX

Additional Monetary Provisions

IT IS FURTHER ORDERED that:

45. In the event of any default on Respondent's obligations to make payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, as amended, will accrue on any outstanding amounts not paid from the date of default to the date of payment, and will immediately become due and payable.

46. Respondent must relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law and no part of the funds may be returned to Respondent.

47. Under 31 U.S.C. § 7701, Respondent, unless it already has done so, must furnish to the Bureau its taxpayer identifying numbers, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.

48. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondent must notify the Regional Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that Respondent paid or is required to pay to consumers and describe the consumers or classes of consumers to whom that redress has been or will be paid.

X

Reporting Requirements

IT IS FURTHER ORDERED that:

49. Respondent must notify the Bureau of any development that may affect compliance obligations arising under this Consent Order, including but not limited to, a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor company; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Consent Order; the filing of any bankruptcy or insolvency proceeding by or against Respondent; or a change in Respondent's name or address. Respondent must provide this notice, if practicable, at least 30 days before the development, but in any case no later than 14 days after the development.

50. Within 7 days of the Effective Date, Respondent must designate at least one telephone number and email, physical, and postal address as points of contact, which the Bureau may use to communicate with Respondent.

51. Respondent must report any change in the information required to be submitted under Paragraph 50 at least 30 days before the change or as soon as practicable after the learning about the change, whichever is sooner.

52. Within 90 days of the Effective Date, and again one year after the Effective Date, Respondent must submit to the Regional Director an accurate written compliance progress report (Compliance Report) that has been approved by the Board, which, at a minimum:

- a. Lists each applicable paragraph and subparagraph of the Order and describes in detail the manner and form in which Respondent has complied with each such paragraph and subparagraph of the Consent Order; and
- b. Attaches a copy of each Order Acknowledgment obtained under Section XI, unless previously submitted to the Bureau.

XI

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that,

53. Within 7 days of the Effective Date, Respondent must submit to the Regional Director an acknowledgment of receipt of this Consent Order, sworn under penalty of perjury.

54. Within 30 days of the Effective Date, Respondent must deliver a copy of this Consent Order to each of its board members and executive officers, as well as to any managers, employees, service providers, or other agents and representatives who have management or supervisory responsibilities related to the subject matter of the Consent Order.

55. For 5 years from the Effective Date, Respondent must deliver a copy of this Consent Order to any business entity resulting from any change in structure referred to in Section X, any future board members and executive officers, as well as to any managers, employees, service providers, or other agents and representatives who will

have management or supervisory responsibilities related to the subject matter of the Consent Order before they assume their responsibilities.

56. Respondent must secure a signed and dated statement acknowledging receipt of a copy of this Consent Order, ensuring that any electronic signatures comply with the requirements of the E-Sign Act, 15 U.S.C. § 7001 *et seq.*, within 30 days of delivery, from all persons receiving a copy of this Consent Order under this Section.

XII Recordkeeping

IT IS FURTHER ORDERED that

57. Respondent must create, or if already created, must retain for the duration of the Consent Order, the following business records:
- a. All documents and records necessary to demonstrate full compliance with each provision of this Consent Order, including all submissions to the Bureau.
 - b. Records showing, for each employee providing services related to lead generation, that person's: name; telephone number; email, physical, and postal address; job title or position; dates of service; and, if applicable, the reason for termination.
 - c. Records showing, for each service provider providing services related to lead generation, the name of a point of contact, and that person's telephone number; email, physical, and postal address; job title or position; dates of service; and, if applicable, the reason for termination.
58. Respondent must retain the documents identified in Paragraph 57 for the duration of the Consent Order.
59. Respondent must make the documents identified in Paragraph 57 available to the

Bureau upon the Bureau's request.

XIII
Notices

IT IS FURTHER ORDERED that:

60. Unless otherwise directed in writing by the Bureau, Respondent must provide all submissions, requests, communications, or other documents relating to this Consent Order in writing, with the subject line, "*In re* Enova International, Inc., File No. 2019-BCFP- 0003 and send them by overnight courier or first-class mail to the below address and contemporaneously by email to Enforcement_Compliance@cfpb.gov:

Regional Director, Midwest Region
Consumer Financial Protection Bureau
ATTENTION: Office of Supervision
1700 G Street, N.W.
Washington D.C. 20552

and

Assistant Director for Enforcement
Consumer Financial Protection Bureau
ATTENTION: Office of Enforcement
1700 G Street, N.W.
Washington, D.C. 20052

XIV
Cooperation with the Bureau

IT IS FURTHER ORDERED that:

61. Respondent must cooperate fully with the Bureau in this matter and in any investigation related to or associated with the conduct described in Section V. Respondent must provide truthful and complete non-privileged information, evidence, and testimony. Respondent must cause Respondent's officers, employees,

representatives, or agents to appear for interviews, discovery, hearings, trials, and any other proceedings that the Bureau may reasonably request upon 10 days written notice, or other reasonable notice, at such places and times as the Bureau may designate, without the service of compulsory process.

XV

Compliance Monitoring

IT IS FURTHER ORDERED that, to monitor Respondent's compliance with this Consent Order:

62. Within 14 days of receipt of a written request from the Bureau, Respondent must submit additional Compliance Reports or other requested non-privileged information, related to requirements of this Consent Order, which must be made under penalty of perjury; provide sworn testimony related to requirements of this Consent Order and Respondents' compliance with those requirements; or produce non-privileged documents related to requirements of this Consent Order and Respondents' compliance with those requirements.

63. For purposes of this Section, the Bureau may communicate directly with Respondent, unless Respondent retains counsel related to these communications.

64. Respondent must permit Bureau representatives to interview about the subject and requirements of this Consent Order and Respondent's compliance with those requirements any employee or other person affiliated with Respondent who has agreed to such an interview. The person interviewed may have counsel present.

65. Nothing in this Consent Order will limit the Bureau's lawful use of civil investigative demands under 12 C.F.R. § 1080.6 or other compulsory process.

66. For the duration of the Consent Order in whole or in part, Respondent agrees to continue to be subject to the Bureau's supervisory authority under 12 U.S.C. § 5514. Consistent with 12 C.F.R. § 1091.111, Respondent may not petition for termination of supervision under 12 C.F.R. § 1091.113.

XVI

Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

67. Respondent may seek a modification to non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) by submitting a written request to the Regional Director.

The Regional Director may, in his/her discretion, modify any non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) if he/she determines good cause justifies the modification. Any such modification by the Regional Director must be in writing.

XVII

Administrative Provisions

68. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau, or any other governmental agency, from taking any other action against Respondent, except as described in Paragraph 69.

69. The Bureau releases and discharges Respondent from all potential liability for law violations that the Bureau has or might have asserted based on the practices described in Section V of this Consent Order, to the extent such practices occurred before the Effective Date and the Bureau knows about them as of the Effective Date.

The Bureau may use the practices described in this Consent Order in future enforcement actions against Respondent and its affiliates, including, without limitation, to establish a pattern or practice of violations or the continuation of a pattern or practice of violations or to calculate the amount of any penalty. This release does not preclude or affect any right of the Bureau to determine and ensure compliance with the Consent Order, or to seek penalties for any violations of the Consent Order.

70. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under section 1053 of the CFPA, 12 U.S.C. § 5563, and expressly does not form, and may not be construed to form, a contract binding the Bureau or the United States.

71. This Consent Order will terminate five years from the Effective Date of the Consent Order by Respondent. The Consent Order will remain effective and enforceable until such time, except to the extent that any provisions of this Consent Order have been amended, suspended, waived, or terminated in writing by the Bureau or its designated agent.

72. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.

73. Should Respondent seek to transfer or assign all or part of its operations that are subject to this Consent Order, Respondent must, as a condition of sale, obtain the written agreement of the transferee or assignee to comply with all applicable provisions of this Consent Order.

74. The provisions of this Consent Order will be enforceable by the Bureau. For any violation of this Consent Order, the Bureau may impose the maximum amount of civil money penalties allowed under section 1055(c) of the CFPA, 12 U.S.C. § 5565(c). In

connection with any attempt by the Bureau to enforce this Consent Order in federal district court, the Bureau may serve Respondent wherever Respondent may be found and Respondent may not contest that court's personal jurisdiction over Respondent.

75. This Consent Order and the accompanying Stipulation contain the complete agreement between the parties. The parties have made no promises, representations, or warranties other than what is contained in this Consent Order and the accompanying Stipulation. This Consent Order and the accompanying Stipulation supersede any prior oral or written communications, discussions, or understandings.

76. Nothing in this Consent Order or the accompanying Stipulation may be construed as allowing the Respondent, its Board, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED, this 22th day of January, 2019.



Kathleen L. Kraninger
Director
Bureau of Consumer Financial Protection