Federal Investigations into Payday Loans by Jinny Jones

Article published on June 8th 2012 | Loans

Payday loan stores have been a feature on the urban landscape for a number of years now. By offering patrons a short-term loan that may otherwise have been rejected by a bank or will have taken too long to get by other means, this seems to be a fantastic resource for people in need. However there are many pitfalls and dangers associated with these cash advances such as excessively high interest rates and operational fees.

For these reasons advocates have stirred the U.S. government to begin an investigation into payday loans. Leading this investigation is the Federal Deposit Insurance Corporation, or FDIC directed by Mark Gruenberg. The focus of this inquiry will be into banks such as Wells Fargo and US Bancorp that provide payday loan services, and recommend steps to be taken by the FDIC in regards to these banks. This, says the consumer advocacy groups, may lead to greater regulation of such loans.

Meanwhile the Consumer Financial Protection Bureau has also zeroed in on payday loans, looking at the relationship between Native American businesses offering online payday loan services. The Consumer Bureau director Richard Cordray says that these types of online predatory lending have been a frequent source of frustration for many states. Native Americans say Congress are especially vulnerable to the abuses of these types of loans given the lack of banks and other more legitimate lending institutions.

In British Columbia Canada the Consumer Protection board has issued a refund to a number of people who claimed they were slapped with unfair payday loan charges. However only a fraction of the people who have filed complaints with Consumer Protection have filled out the electronic registration form to receive the refund. Manjit Bains, the vice-president of corporate relations with Consumer Protection B.C. believes this is due to the fact that most people are just plain unaware that the refund has been issued. Of the 400 initial complaints only 60 people have come forward to claim their money.

Payday loans while seeming to offer a quick and easy solution to our money problems are actually quite dangerous. Given this threat to consumers several agencies in the United States and Canada have focused their attention on these lenders with the aim of weeding out dishonest practices and introducing greater regulation.

Article Source:
http://www.articleside.com/loans-articles/federal-investigations-into-payday-loans.htm - Article Side

Jinny Jones - About Author:
Jinny is a practiced financial writer with experience writing on topics such as a online loans and small finance products. She has a number of published articles focusing on a instant loans.

Article Keywords:
payday loans, online cash, loans, money, finance

You can find more free articles on Article Side. Sign up today and share your knowledge to the community! It is completely FREE!