

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

2015 JUL -1 A 10: 38

Consumer Financial Protection Bureau,)
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 Plaintiff,)
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 v.)
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 Intersections Inc.,)
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 Defendant.)
 _____)

CLERK US DISTRICT COURT
ALEXANDRIA, VIRGINIA

Civil Action No. 15 CV 835

COMPLAINT

The Consumer Financial Protection Bureau (Bureau) alleges the following against Intersections Inc. (Intersections):

INTRODUCTION

1. The Bureau brings this action under the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531(a), 5536, 5564, and 5565, based on unfair acts or practices related to the billing and administration of certain identity theft and credit monitoring products, typically sold as add-ons to other consumer financial products and services. The Bureau seeks to obtain permanent injunctive relief, restitution, civil money penalties, and other relief as set forth below.

2. The Bureau previously issued consent orders against some of Intersections’ clients for engaging in unfair acts or practices relating to the billing and administration of Intersections’ products. *See, e.g., In re Bank of America, N.A., et al.*, ¶¶ 1, 4(o), 4(t) (2014-CFPB-0004) (finding that Intersections was a service provider to Bank of America).

JURISDICTION AND VENUE

3. This Court has subject-matter jurisdiction over this action because it is “brought under Federal consumer financial law,” 12 U.S.C. § 5565(a)(1), presents a federal question, 28 U.S.C. § 1331, and is brought by an agency of the United States, 28 U.S.C. § 1345.

4. Venue is proper in this district because Intersections is located, resides, and does business in this district, and because a substantial part of the events or omissions giving rise to the claims occurred in this district. 28 U.S.C. § 1391(b); 12 U.S.C. § 5564(f).

PARTIES

5. The Consumer Financial Protection Bureau is an independent agency of the United States charged with regulating the offering and provision of consumer financial products and services under Federal consumer financial law, including the CFPA. 12 U.S.C. §§ 5481(14); 5491(a); 5531(a). The Bureau has independent litigating authority to enforce Federal consumer financial laws. 12 U.S.C. §§ 5564(a), (b).

6. Defendant Intersections, Inc. is a Delaware corporation headquartered in Chantilly, Virginia.

7. Originally founded in 1996 as CreditComm, LLC, Intersections offers identity theft and credit information management solutions, including credit monitoring services, to consumers primarily through its depository institution clients.

8. Intersections “engages in the offering or providing of a consumer financial product or service,” and it is therefore a “covered person” under the CFPA. 12 U.S.C. § 5481(6).

9. Intersections is also a “service provider” under the CFPA since it provided a material service to its depository institution clients in connection with the offering or provision of consumer financial products or services. 12 U.S.C. § 5481(26).

FACTUAL ALLEGATIONS

Intersections’ Products

10. Intersections has provided credit monitoring and identity theft services to millions of consumers primarily through direct, indirect, or shared marketing arrangements with approximately 35 depository institution clients. These products were usually ancillary, “add-on” products to other consumer financial products or services, typically credit cards.

11. Although the precise features of its credit monitoring and identity theft products varied by depository institution client, Intersections’ products generally purported to provide consumers with credit monitoring services from all three major

credit reporting agencies, access to their credit reports, access to a credit score, email or phone alerts when new credit accounts were opened, and access to phone representatives who could respond to questions about credit reports.

12. Consumers generally paid between \$8 and \$13 per month for Intersections' credit monitoring and identity theft products, which typically were billed directly to the consumer's credit card. The exact price of Intersections' products varied by depository institution client.

Intersections' Enrollment Process

13. Intersections' depository institution clients generally enrolled consumers in Intersections' products.

14. When enrolling consumers, Intersections or its depository institution clients generally would orally disclose certain terms of enrollment and solicit a consumer's oral authorization to enroll in the product.

15. After enrollment, the depository institution client would send Intersections a data file that contained the enrolled consumer's personal information, as well as a recording of each consumer's purported oral authorization to purchase the Intersections product.

16. Intersections typically had responsibility for maintaining the list of customers to be charged for its identity theft and credit monitoring products, and providing that list to its depository institution clients.

17. Each month, Intersections would send a data file to many of its depository institution clients telling them which consumers to charge for the company's services. The depository institution, or an entity working on its behalf, would then bill the consumer for Intersections' product.

18. The depository institutions depended on Intersections to identify which consumers to bill for Intersections' services.

Service Gaps Related to Intersections' Enrollment Process

19. Many consumers signed up for an Intersections product but could not receive the benefits of the product. This was typically caused by, among other things, the failure to obtain valid authorization from the consumer, fraud alerts on a consumer's credit file preventing Intersections from obtaining information necessary to provide full product services, or incomplete social security information.

20. Consumers experiencing these problems often did not receive the full identity theft and credit monitoring services they purchased during the period in which the problem persisted.

21. When Intersections identified an error in a consumer's enrollment, it could take Intersections anywhere from a few hours to a few years to resolve the issue.

22. Despite these enrollment issues, Intersections billed or instructed its depository institution clients to bill affected consumers for its identity theft and credit monitoring products knowing those consumers were not receiving full product benefits.

23. As a result, many consumers paid for Intersections' products for months or years even though these consumers were not receiving all the service benefits for which they paid.

24. From January 1, 2009 through February 28, 2013, Intersections authorized approximately \$32 million in billings for approximately 300,000 consumers who were experiencing a service gap.

COUNT I

(Unfair Acts or Practices)

25. The allegations in Paragraphs 1 to 24 are incorporated by reference.

26. Intersections caused substantial injury to consumers by causing the consumers to be billed for services that the consumers were not receiving.

27. Consumers could not reasonably avoid these injuries.

28. The substantial injury to consumers was not outweighed by countervailing benefits to consumers or to competition.

29. Therefore, Intersections engaged in unfair acts or practices in violation of sections 1036(a)(1)(B) and 1031(c)(1) of the CFPA. 12 U.S.C. §§ 5536(a)(1)(B) and 5531(c)(1).

COUNT II

(Substantial Assistance to Depository Institution Clients)

30. The allegations in Paragraphs 1 to 24 are incorporated by reference.

31. The CFPA prohibits any person from knowingly or recklessly providing substantial assistance to any covered person in violation of the CFPA's prohibition on unfair, deceptive, or abusive conduct. 12 U.S.C. § 5536(a)(3). The CFPA provides that

any such person “shall be deemed to be in violation of [12 U.S.C. § 5531] to the same extent as the person to whom such assistance is provided.” 12 U.S.C. § 5536(a)(3).

32. Intersections’ depository institution clients were engaged in “offering or providing a consumer financial product or service,” and were therefore “covered persons” under the CFPA. 12 U.S.C. 5481(5), (6), (15)(A)(iv).

33. Intersections’ depository institution clients billed, either directly or through Intersections, consumers for identity theft and credit monitoring products when those consumers were not receiving full product benefits. This constituted an unfair practice in violation of the CFPA. 12 U.S.C. §§ 5536(a)(1)(B) and 5531(c).

34. Intersections instructed its depository institution clients to bill affected consumers during the period of time when the enrollment problem persisted knowing those consumers were not receiving full product benefits.

35. Intersections knowingly or recklessly provided substantial assistance to these depository institution clients in violation of the provisions of section 1031 of the CFPA in violation of section 1036(a)(3) of the CFPA. 12 U.S.C. § 5536(a)(3).

THE COURT’S POWER TO GRANT RELIEF

36. The CFPA empowers this Court to grant any appropriate legal or equitable relief with respect to violations of Federal consumer financial law, including, without limitation, permanent or temporary injunction, rescission or reformation of contracts, the refund of moneys paid, restitution, disgorgement or compensation for unjust enrichment, and civil money penalties. 12 U.S.C. § 5565.

PRAYER FOR RELIEF

WHEREFORE, the Bureau requests that the Court:

- A. Permanently enjoin Intersections from committing future violations of the CFPA;
- B. Order Intersections to pay restitution to consumers harmed by its unlawful conduct;
- C. Impose civil money penalties against Intersections;
- D. Order Intersections to pay the Bureau’s costs incurred in connection with proceeding with this action; and
- E. Award additional relief as the Court may determine to be just and proper.

Respectfully submitted,

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