



CONSUMER ATTORNEYS OF CALIFORNIA

Seeking Justice for All

CAOC applauds proposed forced arbitration changes

Consumers would be able to file class actions under proposal

SACRAMENTO (May 5, 2016) – Consumer Attorneys of California leaders say a proposed new rule from the federal Consumer Financial Protection Bureau addressing the injustice of forced arbitration in banking and other financial contracts are an important step toward leveling the legal playing field for consumers.

The CFPB proposal would bar consumer financial companies, such as banks and credit card issuers, from including mandatory forced arbitration clauses that would prevent groups of consumers from going to court in a class action to resolve a common dispute. “With this contract gotcha, companies can sidestep the legal system, avoid accountability, and continue to pursue profitable practices that may violate the law and harm countless consumers,” according to the CFPB’s [press release](#). “The CFPB’s proposal is designed to protect consumers’ right to pursue justice and relief, and deter companies from violating the law.”

“Banks and financial firms have used the fine print that consumers rarely read to divert disputes from public courts into secret hearings before private arbitrators where established rules of law don’t apply,” said CAOC president Elise Sanguinetti. “By prohibiting consumers from pursuing class actions, these companies have largely been left unchecked and allowed to keep ill-gotten profits. The only way to address this injustice is to let consumers collectively pursue grievances against powerful corporations by joining together in class actions.”

Sanguinetti noted CAOC is [pursuing legislation](#) in California to restrict the unfair use of forced arbitration clauses in consumer contracts. For more information about forced arbitration: caoc.org/ArbitrationFacts.

Consumer Attorneys of California is a professional organization of plaintiffs’ attorneys representing consumers seeking accountability against wrongdoers in cases involving personal injury, product liability, environmental degradation and other causes.

For more information:

**J.G. Preston, CAOC Press Secretary, 916-669-7126, jgpreston@caoc.org
Eric Bailey, CAOC Communications Director, 916-669-7122, ebailey@caoc.org**