

**UNITED STATES OF AMERICA
CONSUMER FINANCIAL PROTECTION BUREAU**

ADMINISTRATIVE PROCEEDING
File No. 2022-CFPB-0005

In the Matter of:

CONSENT ORDER

HYUNDAI CAPITAL AMERICA

The Consumer Financial Protection Bureau (Bureau) has reviewed the consumer credit furnishing practices of Hyundai Capital America (Respondent, as defined below) and has identified violations of the Fair Credit Reporting Act (FCRA), 15 U.S.C. §§ 1681 *et seq.*, and its implementing Regulation V, 12 C.F.R. pt. 1022 (known as the Furnisher Rule) and the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531(a), 5536(a).

The FCRA and Regulation V violations include the following:

(1) Respondent failed to promptly update and correct information it furnished to Consumer Reporting Agencies (CRAs) that it determined was not complete or accurate, and continued to furnish this inaccurate and incomplete information, in violation of the FCRA § 623(a)(2), 15 U.S.C. § 1681s-2(a)(2);

(2) Respondent furnished information to CRAs about severely delinquent or charged-off accounts but failed to furnish Dates of First Delinquency (DOFDs) for those accounts, in violation the FCRA § 623(a)(5), 15 U.S.C. § 1681s-2(a)(5);

(3) Respondent failed to modify or delete information disputed by consumers that Respondent found to be inaccurate, in violation of the FCRA §§ 623(a)(8)(E) and 623(b)(1)(E), 15 U.S.C. §§ 1681s-2(a)(8)(E) and (b)(1)(E);

(4) Respondent lacked reasonable procedures to respond to notifications from CRAs indicating previously furnished information was the result of identity theft and therefore must be blocked from an identity theft victim's credit report, and reported information to CRAs after consumers submitted identity theft reports at the address specified by Respondent for receiving such reports without subsequently knowing or being informed by the consumer that the information was correct, in violation of the FCRA § 623(a)(6), 15 U.S.C. § 1681s-2(a)(6); and

(5) Respondent failed to establish and implement reasonable written policies and procedures regarding the accuracy and integrity of information provided to CRAs, consider and incorporate, as appropriate, the guidelines in Appendix E of the Furnisher Rule, or to review and update the policies and procedures to ensure their continued effectiveness, in violation of the Furnisher Rule, 12 C.F.R. §§ 1022.42(a)-(c).

The CFPA violations include the following:

(6) Respondent violated the CFPA as a result of the above-cited violations of the FCRA and Regulation V, which also constitute independent violations of the CFPA, 12 U.S.C. § 5536(a)(1)(A); and

(7) Respondent used ineffective manual processes and systems containing known logic errors to furnish information to CRAs, in violation of the CFPA's prohibition of unfair acts or practices, 12 U.S.C. §§ 5531(c), 5536(a)(1)(B).

Under sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order (Consent Order).

I. Jurisdiction

1. The Bureau has jurisdiction over this matter under sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565, and the FCRA section 621, 15 U.S.C. § 1681s(b)(1)(H).

II. Stipulation

2. Respondent has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated July 22, 2022 (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, 5565, without admitting or denying any of the findings of fact or conclusions of law, except that Respondent admits the facts necessary to establish the Bureau’s jurisdiction over Respondent and the subject matter of this action.

III. Definitions

3. The following definitions apply to this Consent Order:
 - a. “Affected Consumers” includes all consumers about whom HCA, after determining the information was inaccurate, furnished to CRAs

inaccurate information that the consumers were 30 or more days past due on an automobile retail installment contract or lease.

- b. “Board” means Respondent’s duly-appointed Compliance Review Board.
- c. “Effective Date” means the date on which the Consent Order is entered on the administrative docket.
- d. “Regional Director” means the Regional Director for the West Region for the Office of Supervision for the Consumer Financial Protection Bureau, or his or her delegate.
- e. “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 IV of this Consent Order.
- f. “Relevant Period” is from January 2016 through March 2, 2020.
- g. “Respondent” means Hyundai Capital America and its successors and assigns.

IV. Bureau Findings and Conclusions

The Bureau finds the following:

4. Respondent is an auto finance company headquartered in Irvine, California. Respondent's primary business is the purchase and servicing of retail installment contracts and vehicle leases originated by Hyundai, Kia, and Genesis dealerships. Respondent services approximately 2 million customers across a portfolio of retail installment contracts and leases and reported assets surpassing \$45 billion in 2021.
5. Respondent uses and obtains consumer reports and furnishes consumer credit information to CRAs. Respondent is a large furnisher of auto finance information in the United States.
6. Respondent is a "covered person" under 12 U.S.C. §§ 5481(5)-(7), 15(A)(i), 15(A)(ix).
7. Respondent, as a furnisher of consumer credit information to CRAs, is subject to the FCRA and Regulation V. 15 U.S.C. § 1681 *et seq.*, 12 C.F.R. pt. 1022.
8. Respondent furnishes, and during the Relevant Period furnished, consumer information on the vehicle retail installment contracts and leases it services by sending monthly data files to CRAs. Respondent sends the consumer information in a data format called Metro 2. Each consumer retail

installment contract or lease is compiled into a line of data composed of more than 40 data fields indicating, for example, the consumer's name, account type, and account status – each of which helps describe whether the consumer is meeting his or her obligation to timely pay the loan or lease. Each line of consumer data is commonly referred to as a tradeline.

9. During the Relevant Period, Respondent repeatedly furnished consumer information to CRAs that contained systemic errors that the company knew of but was ineffective in fixing or, in some instances, failed to fix. Thus, Respondent furnished millions of consumer tradelines to CRAs containing inaccuracies. Respondent repeatedly failed to promptly correct and update these inaccurate tradelines in the data it furnished to CRAs.
10. Respondent identified a number of the systemic issues causing the inaccuracies in a March 2013 audit, which found that the “[r]equired [Metro 2] fields are not always fully complete, accurate, or consistently reported,” and that the company lacked subject matter experts or a “process to ensure accuracy and integrity of data reported.” The audit also identified issues relating to the “[p]rocessing, monitoring, and tracking” of direct disputes between processing units, and that Respondent’s furnishing policies and procedures did not accurately reflect its practices.

11. As a result of this audit, Respondent had determined it was not furnishing accurate information to CRAs. In addition to steps previously taken to remediate issues identified in the March 2013 audit, and in an attempt to address the audit issues, with the assistance of an outside consulting firm, Respondent initiated a “Credit Bureau Project” in July 2015. The purpose of this project was to make changes to its credit report furnishing logic required to align its system of record with the Metro 2 data format so that Respondent would furnish correct tradeline information.
12. Respondent made additional changes to its credit report furnishing logic upon completion of the Credit Bureau Project in June 2016 for its vehicle retail installment portfolio and in February 2017 for its vehicle lease portfolio. However, the logic changes failed to address or resolve some of the issues identified in the 2013 audit, and created new, additional problems for the loan and lease portfolios.
13. In October 2017, Respondent began working on a different project to address credit report furnishing logic issues. It started work on a “next generation system” to support credit report furnishing across both lease and retail portfolios as one system. The rollout for this new system was not planned to occur until 2020.

14. In January 2018, Respondent's audit team concluded that its furnishing and dispute management controls remained unsatisfactory. This internal audit cited the previously identified credit reporting system errors (from the 2013 audit) that remained unresolved for at least a year, in addition to other issues across its legacy retail and lease credit report furnishing systems.
15. The 2018 audit also observed that one upgrade to the company's furnishing systems caused almost 18,000 consumers who were current (paid-in-full on their retail installment contracts) to be erroneously reported as delinquent because Respondent still lacked an adequate environment to test data for accuracy and logical consistency before it was furnished to CRAs.

Respondent, in internal emails, acknowledged that this error may have caused significant drops in consumers' credit scores.
16. As work continued on the "next generation system," from 2017 until its rollout in March 2020, upgrades to the legacy credit report furnishing systems were deprioritized, and, as a result, many issues identified during this period, including issues identified in the 2013 and 2018 audits, were not resolved until 2020.
17. Thus, for years, Respondent determined it was reporting inaccurate information about consumers and was operating without effective and

updated furnishing policies and procedures, which were inaccurate and did not reflect the company's actual practices.

18. When inaccurate furnished information was negative (*e.g.*, showing an inaccurate delinquency), in some instances it led to lower credit scores that: impacted consumers' ability to obtain credit or housing on favorable terms if they could obtain it at all; required consumers to take out loans with higher interest rates; or meant that consumers did not receive the benefit of promotional offers available to consumers with higher credit scores.

Findings and Conclusions as to Respondent's Failure to Promptly Update and Correct Inaccurate Information

19. Section 623(a)(2) of the FCRA requires a furnisher to promptly update and correct information that it furnished to a CRA that it "determines is not complete or accurate." 15 U.S.C. § 1681s-2(a)(2).
20. Respondent repeatedly furnished to CRAs information relating to consumers that contained numerous systemic errors during the Relevant Period. In many instances, Respondent furnished pieces of information that were in conflict and could not both or all be accurate.
21. Moreover, Respondent's internal communications and audits show that it was aware of many of these inaccuracies at least as early as March 2013, and knew they were caused, in part, by system-wide logic errors. Respondent

began taking steps to address the credit reporting deficiencies. It then took years for Respondent to resolve the issues.

22. As to certain known system issues, Respondent deferred corrections until it implemented an upgraded furnishing system in 2020.
23. As a result, Respondent perpetuated systemic furnishing errors – including the inaccuracies identified below – for years.

Inaccurate Payment History Profile Information

24. In more than 8.7 million instances across 2.2 million accounts, Respondent furnished to CRAs inaccurate payment history profile (PHP) data for consumers that it had determined was inaccurate.
25. A consumer's PHP is the 24-month history of a consumer's past payments showing whether a consumer's payments were paid, not paid at all, paid late, and if late, the degree to which they were late.
26. Respondent furnished this information inaccurately in several ways.
27. In approximately 570,000 instances, Respondent inaccurately inserted codes showing delinquent or no payments in the PHP when the consumer had in fact made the required payments and the account was actually current. For some consumer accounts, Respondent furnished multiple instances of inaccurate late payments.

28. Also, due to coding errors related to lease accounts, in 1.4 million instances, Respondent furnished PHP codes indicating that the consumer's payment history profile was disputed by the consumer or that no data were available when neither of these things was true. This error affected the Respondent's entire lease portfolio.
29. Further, Respondent's credit reporting furnishing system contained a logic error that recalculated certain consumers' PHP data when it should not have and introduced additional errors, such as inaccurately reflecting that a payment was late or never paid at all.
30. For certain consumer disputes, where the consumer had identified the credit report inaccuracy and disputed it with Respondent, Respondent's credit reporting disputes team initially made a manual tradeline correction, but then Respondent's deficient systems overrode those corrections and reinserted the error. As a result, Respondent again furnished the same inaccurate consumer information to CRAs, leaving affected consumers no choice but to start the dispute process all over again.
31. Respondent was aware of these furnishing errors stemming from its PHP coding failures for years, and, at least for a subset of these errors, did not correct them until it implemented its new credit report furnishing system in 2020, if at all.

Inaccurate Date of First Delinquency

32. In over 537,000 instances across more than 168,000 accounts, Respondent furnished to CRAs date of first delinquency (DOFD) information regarding consumer accounts that Respondent had determined was inaccurate.
33. Compounding the problem, Respondent delayed fixes for errors affecting Respondent's DOFD reporting for nearly a year due to prioritization of allotted resources for the new credit furnishing system planned for release over the then-existing systems that were being replaced.
34. An inaccurate DOFD may be particularly problematic for consumers because use of the DOFD field in the Metro 2 format reflects the existence of an ongoing delinquency and the date itself shows how recently the delinquency occurred, both of which could negatively affect a consumer's credit profile if the DOFD field is inaccurate.
35. Respondent received many complaints related to its furnishing of incorrect DOFDs.
36. Respondent furnished inaccurate DOFD information in several ways. For example, in hundreds of thousands of instances, Respondent furnished account data showing that the consumer account was current, such as reporting \$0 amount overdue or full payments made timely each month, but

then also furnished a DOFD, a field that inaccurately indicated that the account was in an ongoing delinquency.

37. In tens of thousands of instances, Respondent reported an inaccurate DOFD, which changed from month to month due to system issues, making some delinquencies appear more recent than was accurate.
38. For thousands of delinquent accounts, Respondent failed to furnish any DOFD at all.

Inaccurate Original Loan Amount

39. In over 2.2 million instances for over 1.2 million accounts, Respondent furnished inaccurate amounts as to the highest credit or original loan amount.
40. This data field should not change over the course of an automobile loan or lease.
41. After furnishing the correct original loan amount (a field that should not change), Respondent furnished increased amounts for the “original loan amount,” making it appear that a consumer had taken out a larger loan than they had actually taken out.
42. Information about a consumer’s debt load can affect a consumer’s access to other credit.

43. Respondent first identified this type of error in February 2017. These inaccuracies continued until November 2017 for all lease accounts.

Inaccurate Delinquency and Balance Information

44. In over 2.9 million instances on more than 189,000 accounts, Respondent reported consumers' accounts as delinquent, but also reported there was no amount past due.
45. Unless the consumer has filed for certain types of bankruptcy, an account that is delinquent must also have an amount past due. The fact that there was no amount past due for consumers who had not filed for bankruptcy suggests that many of these accounts were incorrectly furnished as delinquent.

Inaccurate Payment Rating for Paid Accounts

46. For more than 17,000 accounts, Respondent reported a negative payment rating that was inaccurate.
47. The payment rating field indicates whether an account is current (indicated by "0") or delinquent (indicated by "1-6") at the time the account was paid off or closed.
48. In numerous instances, Respondent incorrectly changed the payment rating after the account was closed and coded the accounts to either indicate a

delinquency when there was none or indicate that an account was more seriously delinquent than was accurate.

49. Respondent identified this issue in a 2013 audit and attempted to isolate and fix the accounts, yet payment rating inaccuracies continued for years after the attempted fix was implemented.
50. As detailed above, in some instances, Respondent furnished information relating to consumers that was not complete or accurate.
51. In many instances, Respondent had determined that consumers' payment rating information was internally inconsistent and therefore could not be accurate.
52. As of at least 2013, through an internal audit, Respondent had identified many systemic furnishing problems that caused certain categories of furnishing coding errors resulting in inaccurate information that affected the payment rating for paid accounts.
53. Nevertheless, Respondent did not promptly update or correct the incomplete or inaccurate information it furnished. To the contrary, in many cases, Respondent continued reporting inconsistent information for years after being alerted to its errors.

54. And as to some issues, Respondent decided to defer correcting the system errors until the implementation of an upgraded furnishing system that was implemented in March 2020.
55. Therefore, Respondent violated section 623(a)(2) of the FCRA, 15 U.S.C. § 1681s-2(a)(2).

**Findings and Conclusions as to Respondent's Failure to
Report a DOFD Where Required**

56. In addition to inaccurately furnishing DOFD information, as discussed above, Respondent failed to provide DOFD information in situations where it was required to do so under section 623(a)(5) of the FCRA.
57. Under section 623(a)(5) of the FCRA, a furnisher is required to provide to CRAs the DOFD on a delinquent account being placed for collection, charged to profit or loss, charged off, or subjected to any similar action. 15 U.S.C. § 1681s-2(a)(5)(A).
58. A date of first delinquency (DOFD) is statutorily required to be furnished for seriously delinquent loans.
59. Metro 2 requires that in a delinquency a furnisher should report the date of the first 30-day delinquency that led to the status being reported. However, if a delinquent account becomes current, the date of first delinquency should be zero filled.

60. In at least 29,000 instances for approximately 3,900 accounts, Respondent failed to report a DOFD where it reported other information indicating that the accounts were placed for collection, charged-off, subject to similar action, or at least 120 days delinquent (which is a typical time period for moving an account to collection and charge-off).
61. Therefore, Respondent violated section 623(a)(5) of the FCRA, 15 U.S.C. § 1681s-2(a)(5)(A).

Findings and Conclusions as to Respondent's Failure to Modify or Delete Information When Required

62. Sections 623(a)(8)(E) and 623(b)(1)(E) of the FCRA generally require a furnisher to modify or delete and block information disputed by a consumer if the furnisher finds the information is inaccurate. 15 U.S.C. §§ 1681s-2(a)(8)(E), (b)(1)(E).
63. This requirement applies both when the furnisher receives a dispute from a consumer (known as a direct dispute) and when the furnisher receives a dispute from the CRA who received a dispute from a consumer about an item the furnisher has reported (known as an indirect dispute).
64. Respondent's credit furnishing system overrode manual corrections that Respondent's credit reporting disputes team made to correct inaccurately furnished information in response to consumer disputes.

65. As discussed above in paragraphs 24 – 31, this happened when consumers disputed inaccurate payment histories as contained in the PHP section of their credit reports. When consumers disputed the inaccurate payment histories, Respondent’s disputes team manually corrected the inaccuracy in the PHP field of Metro 2, but Respondent’s monthly Metro 2 furnishing system put the inaccuracy back in, and Respondent re-furnished the inaccuracy to CRAs in the regular monthly furnishing transmission.
66. Respondent was also aware of other instances of the company’s agents entering incorrect information and modifications in response to consumer disputes.
67. As a result, Respondent failed to “modify” or “delete” or “block” dispute information as the FCRA requires.
68. Therefore, Respondent violated sections §§ 623(a)(8)(E) and 623(b)(1)(E) of the FCRA, 15 U.S.C. §§ 1681s-2(a)(8)(E) and (b)(1)(E).

**Findings and Conclusions as to Respondent’s Use of
Deficient Identity Theft Procedures**

69. Section 623(a)(6) of the FCRA requires furnishers to have reasonable procedures to respond to any notifications from CRAs that information furnished is the result of identity theft and therefore must be blocked from the credit report of a victim of identity theft. 15 U.S.C. § 1681s-2(a)(6).

70. A furnisher's policies and procedures must also prevent refurnishing such "blocked" information.
71. Further, section 623(a)(6) requires that after a consumer has submitted an identity theft report "at the address specified by [the furnisher] for receiving such reports," the furnisher may not report such information to a CRA unless it "subsequently knows or is informed by the consumer that the information is correct." 15 U.S.C. § 1681s-2(a)(6)(B).
72. Respondent's systems did not properly block consumer information governed by these identity theft protections nor were policies and procedures in place to ensure that such information was not subsequently furnished without Respondent subsequently knowing or obtaining information from the consumer that the information was correct.
73. Thus, at times during the Relevant Period, Respondent inappropriately continued to furnish information about consumers that it should have blocked after having received notification of identity theft.
74. Therefore, Respondent violated section 623(a)(6) of the FCRA, 15 U.S.C. § 1681s-2(a)(6).

**Findings and Conclusions as to Respondent's
Use of Deficient Policies and Procedures**

75. Regulation V's Furnisher Rule requires furnishers to establish and implement reasonable written policies and procedures regarding the

accuracy and integrity of the information relating to consumers that it furnished to CRAs. The policies and procedures must be appropriate to the nature, size, complexity, and scope of the furnisher's activities. Further, the Rule requires that the furnisher must consider and incorporate, as appropriate, the guidelines in Appendix E of the Rule, and that it must periodically review and update the policies and procedures to ensure their continued effectiveness. 12 C.F.R. § 1022.42(a)-(c).

76. “Accuracy” means that information that a furnisher provides to a CRA about an account or other relationship with the consumer correctly: (1) reflects the terms of and liability for the account or other relationship; (2) reflects the consumer's performance and other conduct with respect to the account or other relationship; and (3) identifies the appropriate consumer. 12 C.F.R. § 1022.41(a).
77. “Integrity” means, in relevant part, “that information that a furnisher provides to a [CRA] about an account or other relationship with the consumer: (1) Is substantiated by the furnisher's records at the time it is furnished; (2) Is furnished in a form and manner that is designed to minimize the likelihood that the information may be incorrectly reflected in a consumer report . . .” 12 C.F.R. § 1022.41(d).

78. Appendix E notes that furnishers' policies and procedures should be reasonably designed to update the information furnished "as necessary to reflect the current status of the consumer's account," including any sale of the account. 12 C.F.R. § 1022, Appendix E.
79. From at least 2010 to 2017, Respondent did not review and update its furnishing policies and procedures.
80. Further, many of Respondent's procedures regarding the accuracy and integrity of the information it furnished were inadequate and unreasonable given the volume, nature, size, complexity, and scope of Respondent's activities.
81. For example, many of Respondent's procedures required manual inputs, such as manually calculating a consumer's amount past due, late fees, and charge-off amounts, despite the size and complexity of the company's furnishing activities reflected in part by the fact that Respondent furnished information across more than 2 million accounts per month across various lease and retail installment accounts.
82. Moreover, despite being alerted to policy and procedure deficiencies by its own audit as early as 2013, and despite known credit report furnishing errors, Respondent made no changes to its furnishing policies and procedures from 2013 until 2017. Further, while Respondent made some

effort to update its policies and procedures beginning in 2017, the update was neither comprehensive nor sufficient.

83. It was not until 2021 that Respondent updated certain relevant furnishing policies and procedures.
84. In addition, Respondent's furnishing policies and procedures were not accurate and did not reflect its then-current procedures. Further, some procedures—including procedures meant to address PHP inaccuracies related to disputes—were not reduced to writing or were documented solely on a standalone spreadsheet containing manual calculations that led to additional errors on the accounts of consumers who submitted disputes.
85. These procedures led to delays in addressing inaccuracies identified in consumer disputes and resulted in a heightened risk of additional inaccurate reporting.
86. Therefore, Respondent violated Regulation V's Furnisher Rule by failing to establish and implement the required reasonable written policies and procedures, 12 C.F.R. § 1022.42(a)-(c), including considering, incorporating, and updating, as needed, the appropriate guidelines set forth in Appendix E to 12 C.F.R. § 1022 in developing its policies and procedures.

**Findings and Conclusions as to Respondent's Unfair
Use of Ineffective Manual Processes and
Systems to Furnish Consumer Information**

87. An act or practice is unfair under the CFPA if it causes or is likely to cause consumers substantial injury that is not reasonably avoidable and is not outweighed by countervailing benefits to consumers or to competition.
12 U.S.C. § 5531(c).
88. Respondent failed to appropriately assign ownership of furnishing-related processes within the company and to prioritize identified consumer-reporting-related risks.
89. It also underinvested in technology and monitoring, leading to the use of ineffective manual processes and systems with previously identified logic errors to furnish consumer information to CRAs for years.
90. Respondent repeatedly delayed correcting credit reporting errors, many of them identified as early as 2016, until at least the rollout of Respondent's new system in March 2020.
91. These acts or practices led to widespread inaccuracies in millions of consumers' credit reports.
92. When that inaccurate information was negative (*e.g.*, showing an inaccurate delinquency), it sometimes led to lower credit scores that may have impacted consumers' ability to obtain credit or housing on favorable terms if

they could obtain it at all; required consumers to take out loans with higher interest rates; or meant that consumers did not receive the benefit of promotional offers available to consumers with higher credit scores.

93. Consumers could not have known or anticipated that their auto financing company would use ineffective and flawed processes and systems to furnish consumer information in a manner that would lead to widespread inaccuracies, or that the company would fail to promptly resolve these problems and correct these errors once identified.
94. Certain of the errors involved information that was furnished after an account had been fully paid off. In those instances, Respondent often did not even notify the consumer that the company had subsequently furnished information suggesting that the retail installment contract or lease was not fully paid off and, instead, that the consumer was delinquent. Consumers would only learn of the inaccurately furnished information if they checked their credit report or were otherwise informed, such as when attempting to obtain a new loan, which often occurred months or years later.
95. Some consumers may have received worse loan terms or tenancy terms (such as required deposits) due to erroneous information furnished by Respondent.

96. Consumers also spent substantial time, sometimes months or years, attempting to get Respondent to correct their tradelines.
97. In some instances, when consumers disputed inaccurately furnished tradelines and Respondent's employees manually corrected the errors, Respondent's system routinely overrode the corrections as part of the regular monthly credit report furnishing submission to CRAs. This resulted in errors reappearing on consumers' credit reports, sometimes for years, after a temporary correction was made.
98. Neither consumers nor competition benefit from inaccurate information being furnished to CRAs.
99. Respondent therefore violated the CFPA's prohibition of unfair acts and practices, 12 U.S.C. §§ 5531(c), 5536(a)(1)(B).

**Findings and Conclusions as to Respondent's
Violation of the Consumer Financial Protection Act's Prohibition on
Violating Federal Consumer Financial Laws**

100. Under the CFPA, a covered person's violation of a Federal consumer financial law, which includes enumerated consumer laws and rules thereunder, violates the CFPA. 12 U.S.C. § 5536(a)(1)(A).
101. The FCRA and Regulation V are Federal consumer financial laws. 12 U.S.C. § 5481(12)(F), (14).
102. Therefore, Respondent's violations of the FCRA and Regulation V,

described above, constitute violations of section 1036(a)(1)(A) of the CFPA.
12 U.S.C. § 5536(a)(1)(A).

V. Conduct Provisions

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

103. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not violate:

- (1) section 623(a)(2) of the FCRA, 15 U.S.C. § 1681s-2(a)(2);
- (2) section 623(a)(5)(A) of the FCRA, 15 U.S.C. § 1681s-2(a)(5)(A);
- (3) sections 623(a)(8)(E) and 623(b)(1)(E) of the FCRA,
15 U.S.C. § 1681s-2(a)(8)(E) and (b)(1)(E);
- (4) section 623(a)(6) of the FCRA, 15 U.S.C. § 1681s-2(a)(6);
- (5) Regulation V's Furnisher Rule, 12 C.F.R. § 1022.42(a)-(c),
including with respect to Appendix E;
- (6) section 1036(a)(1)(B) of the CFPA, 12 U.S.C. § 5536(a)(1)(B); or
- (7) section 1036(a)(1)(A) of the CFPA, 12 U.S.C. § 5536(a)(1)(A);

and in connection with furnishing consumer credit information, Respondent must take the following affirmative actions:

- a. Within 60 days of the Effective Date, provide the Regional Director with a compliance plan to review all account files that Respondent currently

- furnishes to CRAs, correct all inaccuracies and errors described in Section IV of this Consent Order, update affected tradelines, which will be subject to non-objection. If any inaccuracies or errors are identified, suppress all reporting of affected accounts until such time as they are corrected;
- b. On a monthly basis, examine Respondent's Metro 2 file for the errors described in Section IV of this Consent Order, take reasonable steps to identify such errors, and resolve identified errors *before* providing the Metro 2 file to any CRA or suppress all reporting of affected accounts until such time as they are corrected;
 - c. Establish and implement reasonable written policies and procedures regarding the accuracy and integrity of the information relating to consumers that Respondent furnishes to a CRA, which must specifically include processes for identifying and promptly correcting systemic errors in Respondent's credit report furnishing system;
 - d. Examine, and where necessary, establish and implement changes to, Respondent's policies and procedures and the practices of its employees to ensure that its employees properly route, categorize, investigate, and respond to all direct and indirect credit reporting disputes; and
 - e. Retain all direct disputes and all response letters for at least five years.

104. Within 60 days of the Effective Date, Respondent will create a quarterly Credit Furnishing Report which:

- a. Documents and compiles all credit reporting issues identified by Respondent's audit, compliance, legal, information technology, systems engineering, and business units;
- b. Documents the point of contact responsible for resolving each issue;
- c. Tracks correction and remediation of the issues identified;
- d. Documents the length of time each issues has been outstanding;
- e. Includes all audits, analyses, trend, and other evaluations undertaken to ensure Respondent's order compliance, credit report furnishing, and handling of credit reporting disputes;
- f. Includes an explanation of any root cause identified related to order compliance, credit report furnishing, or credit report dispute-handling issues;
- g. Recommends any actions that should be taken or any investments, including systems and technology investments, that should be made to address the issues identified; and
- h. Specifies timeframes and deadlines for implementation of the steps described above.

VI. Compliance Plan

IT IS FURTHER ORDERED that:

105. Within 14 days of the Effective Date, Respondent must provide in writing to the Regional Director the name of each member of the Board. If there is a change of membership to the Board, within 14 days after the effective date of the change, Respondent must submit the name of any new member in writing to the Regional Director.
106. For 5 years, the Board will be responsible for monitoring and coordinating Respondent's adherence to the provisions of this Consent Order. The Board must meet at least every quarter and must maintain minutes of its meetings.
107. Within 60 days of the Effective Date, the Board must submit a Compliance Plan to the Regional Director for review and determination of non-objection, which details the actions taken to comply with this Consent Order, and the results and status of those actions. The Compliance Plan must also, at minimum, address:
 - a. Detailed steps for addressing each action required by this Consent Order;
and
 - b. Specify timeframes and deadlines for implementation of the steps described above.

108. The Regional Director will have the discretion to make a determination of non-objection to the Compliance Plan or direct Respondent to revise it. If the Regional Director directs Respondent to revise the Compliance Plan, Respondent must revise and resubmit the Compliance Plan to the Regional Director within 30 days.
109. After receiving notification that the Regional Director has made a determination of non-objection to the Compliance Plan, Respondent must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Compliance Plan.

VII. Role of the Board

IT IS FURTHER ORDERED that:

110. The Board must review all submissions (including plans, reports, programs, policies, and procedures) required by this Consent Order prior to submission to the Bureau.
111. Although this Consent Order requires Respondent to submit certain documents for review or non-objection by the Regional Director, the Board will have the ultimate responsibility for proper and sound management of Respondent and for ensuring that Respondent complies with the laws that the Bureau enforces, including Federal consumer financial laws and this Consent Order.

112. 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 Board directives related to this Section.

MONETARY PROVISIONS

VIII. Order to Pay Redress

IT IS FURTHER ORDERED that:

113. Within 10 days of the Effective Date, Respondent must reserve or deposit into a segregated deposit account an amount not less than \$13,200,000, for the purpose of providing redress to Affected Consumers as required by this Section.
114. Within 60 days of the Effective Date, Respondent must submit to the Regional Director for review and non-objection a comprehensive written plan for providing redress consistent with this Consent Order (Redress Plan). The Regional Director will have the discretion to make a determination of non-objection to the Redress Plan or direct Respondent to revise it. If the

Regional Director directs Respondent to revise the Redress Plan, Respondent must revise and resubmit the Redress Plan to the Regional Director within 15 days. After receiving notification that the Regional Director has made a determination of non-objection to the Redress Plan, Respondent must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Redress Plan.

115. The Redress Plan must:

- a. Identify all Affected Consumers who will receive redress under this Consent Order based on account data provided by the Bureau;
- b. Require Respondent to compensate each Affected Consumer identified based on the account data provided by the Bureau;
- c. Provide that redress payments will be made as follows:
 - i. For any Affected Consumer who has an open or active retail installment contract or lease, including a contract or lease that has been extended beyond its original term, and has an outstanding balance due to Respondent at the time of the redress payment, Respondent will make the redress payment via a credit to the consumer's account. At least seven days before the credit, Respondent will email, if Respondent was provided an email address or, if no valid email address is available, mail

the consumer a letter notifying the consumer of the forthcoming redress payment (“Redress Notification Letter”);

- ii. For any Affected Consumer who does not have an open or active retail installment contract or lease, including a contract or lease that has been extended beyond its original term, and has an outstanding balance due to Respondent at the time of the redress payment, or if the total amount due to Respondent is less than the amount of the redress payment, Respondent will make the redress payment (net of any amount due to Respondent from the Affected Consumer) via check drawn on good and sufficient funds, sent by mail, accompanied by a Redress Notification Letter;

- d. Provide an exemplar of the Redress Notification Letter and envelope.

The letter must explain how redress will be provided; the date by which redress will be applied or otherwise provided; that the provision of the redress payment is in accordance with the terms of this Consent Order;

- e. Provide the process for mailing Redress Notification Letters and redress checks (where applicable), obtaining a current address for all Affected Consumers, tracking any returned letters and redress checks, and re-mailing any returned letters and redress checks;

- f. Specify the timeframes and deadlines for implementation of the steps described above, including the period during which the redress checks will remain valid and available for cashing by Affected Consumers;
 - g. Provide that nothing in the Redress Plan creates any new collection, credit reporting, or litigation rights on behalf of Respondent; and
 - h. Provide that Respondent will pay all costs of administering redress as required by this Section.
- 116. Respondent must provide all relief to Affected Consumers required by this Consent Order, regardless of whether the total relief exceeds the amount reserved or deposited into a segregated account under Paragraph 113.
- 117. After completing the Redress Plan, if the amount of redress provided to Affected Consumers is less than \$13,200,000, within 30 days of the completion of the Redress Plan, Respondent must pay to the Bureau, by wire transfer to the Bureau or to the Bureau's agent, and according to the Bureau's wiring instructions, the difference between the amount of redress provided to Affected Consumers and \$13,200,000.
- 118. The Bureau may use these remaining funds to pay additional redress to Affected Consumers. If the Bureau determines, in its sole discretion, that additional redress is wholly or partially impracticable or otherwise inappropriate, or if funds remain after the additional redress is completed,

the Bureau will deposit any remaining funds in the U.S. Treasury as disgorgement. Respondent will have no right to challenge any actions that the Bureau or its representatives may take under this Section.

119. Respondent may not condition the payment of any redress to any Affected Consumer under this Consent Order on that Affected Consumer waiving any right.

IX. Order to Pay Civil Money Penalty

IT IS FURTHER ORDERED that:

120. Under section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law described in Section IV 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 \$6,000,000 to the Bureau.
121. 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.
122. 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).

123. Respondent, for all purposes, must treat the civil money penalty paid under this Consent Order as a penalty paid to the government. 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.
124. 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 or because of any payment that the Bureau makes from the Civil Penalty Fund. 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.

X. Additional Monetary Provisions

IT IS FURTHER ORDERED that:

125. 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.
126. 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.
127. Under 31 U.S.C. § 7701, Respondent, unless it already has done so, must furnish to the Bureau its taxpayer-identification numbers, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.
128. 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.

COMPLIANCE PROVISIONS

XI. Reporting Requirements

IT IS FURTHER ORDERED that:

129. 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.
130. Within 7 days of the Effective Date, Respondent must designate at least one telephone number and email, physical, and postal addresses as points of contact that the Bureau may use to communicate with Respondent;

131. Respondent must report any change in the information required to be submitted under Paragraph 130 at least 30 days before the change or as soon as practicable after the learning about the change, whichever is sooner.
132. 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, sworn to under penalty of perjury, 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;
 - b. describes in detail the manner and form in which Respondent has complied with the Redress Plan;
 - c. describes in detail the manner and form in which Respondent has complied with the Compliance Plan; and
 - d. attaches a copy of each Order Acknowledgment obtained under Section XII, unless previously submitted to the Bureau.

XII. Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that:

133. 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.
134. 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 responsibilities related to the subject matter of the Consent Order, excluding employees with ministerial duties relating to the subject matter of the Consent Order.
135. 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 XI, any future board members and executive officers, as well as to any managers, employees, service providers, or other agents and representatives who will have responsibilities related to the subject matter of the Consent Order, excluding employees with ministerial duties relating to the subject matter of the Consent Order, before they assume their responsibilities.

136. 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.
137. Within 90 days of the Effective Date, Respondent must provide the Bureau with a list of all persons and their titles to whom this Consent Order was delivered through that date and a copy of all signed and dated statements acknowledging receipt of this Consent Order as required under any provision of this Section.

XIII. Recordkeeping

IT IS FURTHER ORDERED that:

138. Respondent must create and retain the following business records for at least 5 years from the Effective Date:
 - a. all documents and records necessary to demonstrate full compliance with each provision of this Consent Order, including all submissions to the Bureau;
 - b. all consumer complaints and all credit-reporting disputes relating to furnishing consumer credit information (whether received directly or

- indirectly, such as through a third party) and any responses to those complaints or requests;
- c. copies of all policies and procedures related to the Respondent's credit-report furnishing or any provision in this Order; and
 - d. all documents and records pertaining to the Redress Plan, described in Section VIII above.

139. Respondent must make the documents identified in Paragraph 138 available to the Bureau upon the Bureau's request.

XIV. Notices

IT IS FURTHER ORDERED that:

140. 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* Hyundai Capital America, File No. 2022-CFPB-0005," 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, West Region
Consumer Financial Protection Bureau
301 Howard Street, 12th Floor
San Francisco, CA 94105

XV. Cooperation with the Bureau

IT IS FURTHER ORDERED that:

141. Respondent must cooperate fully to help the Bureau determine the identity and location of each Affected Consumer. Respondent must provide such information in its or its agents' possession or control within 14 days of receiving a written request from the Bureau.

XVI. Compliance Monitoring

IT IS FURTHER ORDERED that:

142. Within 14 days of receipt of a written request from the Bureau, Respondent must submit additional Compliance Reports or other requested information; provide sworn testimony; or produce documents.
143. Respondent must permit Bureau representatives to interview any employee or other person affiliated with Respondent who has agreed to such an interview regarding: (a) this matter; (b) anything related to or associated with the conduct described in Section IV; or (c) compliance with the Consent Order. The person interviewed may have counsel present.
144. 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.

XVII. Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

145. 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.
146. The Regional Director may, in his or her discretion, modify any non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) if he or she determines good cause justifies the modification. Any such modification by the Regional Director must be in writing.

XVIII. Administrative Provisions

IT IS FURTHER ORDERED that:

147. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau from taking any other action against Respondent, except as described in Paragraph 148. Further, for the avoidance of doubt, the provisions of this Consent Order do not bar, estop, or otherwise prevent any other person or governmental agency from taking any action against Respondent.
148. 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 IV 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.

149. 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.
150. This Consent Order will terminate on the later of 5 years from the Effective Date or 5 years from the most recent date that the Bureau initiates an action alleging any violation of the Consent Order by Respondent, if such action is initiated within 5 years of the Effective Date. If such action is dismissed or the relevant adjudicative body rules that Respondent did not violate any provision of the Consent Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Consent Order will terminate as

though the action had never been filed. 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.

151. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.
152. 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.
153. 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.
154. 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.

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

IT IS SO ORDERED, this 25th day of July, 2022.



Rohit Chopra

Director

Consumer Financial Protection Bureau