

Lenders Should Approach the Recent CFPB–MoneyLion Military Lending Act Settlement With Caution

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On November 24, 2025, the court in *CFPB v. MoneyLion Technologies*, No. 1:22-cv-08308 (SDNY) [entered a stipulated final judgment and order](#) that settled the Consumer Financial Protection Bureau’s (“CFPB” or “Bureau”) enforcement action against MoneyLion Technologies, Inc. and its lending subsidiaries (collectively, “MoneyLion”).

The settlement, which includes \$1.75 million in restitution to consumers, resolves allegations that MoneyLion violated the Military Lending Act (“MLA”) and the Consumer Financial Protection Act (“CFPA”) in connection with its membership model and related installment loans.

Notably, the Bureau did not assess any civil money penalties, and the settlement order permits MoneyLion to exclude its annual membership fee from the Military Annual Percentage Rate (“MAPR”), an approach that raises interpretive questions under the MLA.

The Litigation

The CFPB filed its [original complaint](#) on September 29, 2022 (which was later amended in [2023](#) and [2025](#)), alleging that MoneyLion violated the MLA and CFPA through a membership program in which consumers were offered credit-building installment loans with comparatively low APRs if they paid a monthly membership fee.

The complaint alleged that the membership program, which generally ranged from \$19.99 to \$29 per month, had few benefits beyond access to the loans.

The MLA and its implementing regulation include protections for service members and their dependents identified as “covered borrowers” at the origination of certain credit transactions, including the installment loans offered by MoneyLion.

The Bureau alleged that MoneyLion overcharged service members and their dependents by imposing membership fees that, together with stated interest rates, exceeded the MLA's 36 percent MAPR cap, failing to provide disclosures required by the MLA, and inserting arbitration clauses prohibited by the MLA. 10 U.S.C. § 987(b), (c), (e)(3); 32 C.F.R. §§ 232.4(b), 232.6, 232.8(c).

The CFPB also alleged CFPB violations for Unfair, Deceptive, or Abusive Acts or Practices (“UDAAPs”) related to the membership fees, including deceptive acts and practices relating to membership cancellation restrictions, unfair acts and practices for charging membership fees after receiving requests to cancel membership, and abusive acts and practices by taking advantage of consumers’ lack of understanding and inability to protect their interests when they took out the membership program loans. 12 U.S.C. §§ 5531, 5536(a).

The court granted MoneyLion’s motion to dismiss, in part, on March 24, 2025, dismissing claims related to the arbitration clause and disclosures. However, the court found that the CFPB sufficiently alleged that MoneyLion exceeded the 36 percent MAPR cap. [MoneyLion Technologies, No. 1:22-cv-08308 \(Mar. 24, 2025\)](#).

The Settlement

- **The settlement resolves the action without any admission of wrongdoing by the company.** The order bars MoneyLion from extending credit to covered borrowers above the MAPR cap and requires that membership and other ancillary fees be included in the MAPR unless the fees are clearly disclosed and borrowers can cancel the membership after no more than two months, regardless of loan status.
- **It also prohibits conditioning cancellation on paying off loans or past-due fees** (beyond up to two initial months), collecting fees during periods when membership access was suspended, using credit-reserve funds to pay membership fees, or restricting consumers’ access to those reserve funds based solely on unpaid membership fees.
- **MoneyLion must also stop furnishing negative credit information based on unpaid membership fees and remove such negative reporting where it exists.**
- **Notably, the settlement provides only restitution;** no civil money penalties are assessed.
- **The settlement requires MoneyLion to fund a segregated redress account with \$1.75 million, to be distributed to affected borrowers.**

The settlement amount includes approximately \$1.72 million in reimbursement of membership fees paid by consumers while they had an outstanding MoneyLion loan between December 1, 2017, and October 11, 2024, as well as approximately \$26,000 to consumers who attempted but were unable to cancel their memberships due to outstanding loan balances. Any remaining redress funds will be turned over to the CFPB for additional redress or remitted to the US Treasury.

Are Membership Fees Part of the MAPR?

Under the MLA's implementing regulation, the MAPR must be calculated to include "[a]ny fee imposed for participation in any plan or arrangement for consumer credit . . ." 32 C.F.R. § 232.4(c)(1)(iii)(C). While there are express exceptions for open-end credit that allow a membership fee to be excluded from the MAPR, membership fees for participation in closed-end credit arrangements are generally included in the MAPR.

Critically, the settlement order provides that membership fees tied to a broader suite of benefits—beyond access to the loan—are not paid “in connection with or incident to” the loan and therefore are excluded from the MAPR calculation if two conditions are met:

1. The fees are clearly and prominently disclosed, and
2. Covered borrowers can cancel their membership, regardless of loan status, after an initial membership period that may not exceed two months.

The order defines “**membership benefits**” to include investment accounts, the loan product itself, credit monitoring and fraud alerts, digital checking accounts, a loyalty program, and financial literacy products and management tools.

In distinguishing the membership fee from a fee charged for participation in a credit arrangement, the CFPB has reversed its earlier position that the membership programs provided few benefits beyond access to the loans.

The settlement order also appears to imply that the benefits of membership differ from credit-related ancillary products sold in connection with the credit transaction because some items included in the definition of “membership benefits” would very likely be considered credit-related ancillary products.

For example, credit monitoring and fraud alerts are widely considered ancillary products when offered in connection with an extension of credit. This is significant because the MAPR calculation includes “[a]ny fee for a credit-related ancillary product.” 32 C.F.R. § 232.4(c)(1)(ii).

Accordingly, this aspect of the settlement appears to open another avenue for excluding items from the MAPR calculation that have traditionally been included under the regulation.

Plaintiffs' counsel in a different case pending against MoneyLion in the Southern District of New York (a class action alleging MLA violations, *MoneyLion Technologies Inc., et al.*, No. 1:25-cv-06761) [recently sought](#) to add language to the CFPB's settlement order to clarify that its terms are non-precedential.

Judge John Cronan denied the request on December 4, 2025, noting that the parties had not moved to intervene and were not parties to the case. [Memo Endorsement](#), Dkt. 149, *MoneyLion Technologies*, No. 1:22-cv-08308 (Dec. 4, 2025).

However, it is significant that plaintiffs in that litigation are already challenging the CFPB settlement's exclusion of membership fees from the MAPR as inconsistent with the MLA.

Final Takeaways

- **The settlement order's treatment of membership fees provides a pathway for excluding membership fees from the MAPR** where the membership confers genuine, delineated benefits beyond loan access, the fees are clearly and prominently disclosed, and covered borrowers retain an unconditional right to cancel after a brief initial period of no more than two months.
 - By articulating these conditions, the order signals when the current CFPB considers a membership fee to be distinct from a fee for participation in a consumer credit plan for MLA purposes.
- **We view this position as inconsistent with the plain language of the regulation.** We caution lenders against excluding membership fees from the MAPR on closed-end installment loans unless the fee can be characterized as related to membership benefits and not access to installment loans.
- **Private litigants, courts, and future CFPB leadership (especially under a Democratic administration) are unlikely to similarly view the membership fee as excluded from the MAPR.**
 - Although the MLA is not an enumerated consumer law that state attorneys general can enforce under the CFPB, loans to covered borrowers with a membership fee that pushes the MAPR above the 36 percent cap could be characterized as a UDAAP by a state attorney general.
- While the CFPB has stated it will prioritize service members and their families in enforcement and supervision, **the MoneyLion settlement indicates that this will be done in a way that narrowly interprets the laws and regulations meant to protect them and allows creditors more latitude in excluding fees from the MAPR.**
 - Additionally, where violations occur, expect remedies calibrated toward consumer redress and structural safeguards rather than civil penalties.

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