

CFPB Cancels \$95 Million Penalty Against Navy Federal Credit Union

July 2, 2025

— Categories: Finance



The U.S. Consumer Financial Protection Bureau (CFPB) has officially cancelled a \$95 million enforcement order against Navy Federal Credit Union, ending one of the agency's largest recent consumer protection cases.

The original order, issued in November 2024, required Navy Federal to pay \$80 million in refunds to customers and a \$15 million fine. The CFPB said the credit union had charged overdraft fees even when customers had enough money in their accounts at the time of

purchase. It also found the credit union gave misleading information about the availability of funds received through payment apps like PayPal and Cash App.

But in a new order signed Tuesday, the CFPB terminated the case entirely, including the financial penalties and consumer refunds.

“Navy Federal complied with all applicable laws and regulations at the time and continues to do so,” a spokesperson for the credit union said. “We believe the CFPB’s decision was appropriate.”

The CFPB has not publicly explained why the case was dropped. However, in an internal memo from April, the bureau’s Chief Legal Officer Mark Paoletta said the agency would shift its focus to what he called “pressing threats”, especially those affecting service members, veterans, and their families, the very group that Navy Federal serves.

This decision follows similar actions in recent months. The CFPB ended its oversight of Bank of America last month, and in May, it cancelled a 2023 settlement with Toyota over claims the company sold unnecessary add-on products to car buyers.

Consumer groups have criticised these moves, saying they weaken protections and leave affected customers without compensation.

“This decision sends a troubling message,” said Dana Goldstein, senior attorney at the Centre for Responsible Lending. “People who were harmed may never see their money returned.”

Interestingly, the CFPB did not cancel every case. A similar order involving Fay Servicing LLC still includes \$3 million in payments to consumers, raising questions about the agency’s decision-making process.

As the CFPB continues to reverse earlier settlements, consumer advocates warn that companies could be less concerned about accountability, and consumers may have fewer options for justice.