Earlier this year, CFPB's first enforcement action against Capital One found similar deceptive tactics in selling credit card add-on services.

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For the second time this year, the Consumer Financial Protection Bureau (CFPB) has taken strong enforcement steps against deceptive marketing practices. Through CFPB's joint enforcement action with the Federal Deposit Insurance Corporation (FDIC), more than 3.5 million consumers with Discover Card accounts will receive approximately $200 million.

Restitution will be awarded to all consumers who were charged for one or more add-on products between Dec. 1, 2007 and Aug. 31, 2011. Over that period, payment protection was marketed as a product that allows consumers to put their payments on hold for up to two years

in the event of unemployment, hospitalization, or other qualifying life events.

Discover also sold its Credit Score Tracker**,** designed to allow a customer unlimited access to his or her credit reports and credit score. The third product was Identity Theft Protection, which was marketed as providing daily credit monitoring. Lastly, Discover's Wallet Protection product was sold as a service to help a consumer cancel credit cards in the event that his or her wallet is stolen.

Commenting on the actions, Richard Cordray, CFPB Director, said, "This is the second action that the Bureau has taken, in coordination with a fellow regulator, to address the deceptive marketing of credit card add-on products. We have also published a compliance bulletin to put other institutions more specifically on notice that such tactics are illegal and should be halted. We continue to expect that more such actions will follow. In the meantime, we are signaling as clearly as we can that other financial institutions should review their marketing practices to ensure that they are not deceiving or misleading consumers into purchasing financial products or services."

A joint investigation by the two federal offices found that Discover used deceptive telemarketing tactics to sell all of these products. Using scripts with misleading language matched by fast-talking telemarketers, federal regulators found that consumers were:

• Enrolled without their consent;

• Misled about the fact that there was a charge for the products;

• Misled as to when charges for the add-on services would be applied; and

• Were unaware of eligibility limitations for certain benefits, including employment or pre-existing medical conditions.

No affected consumer needs to take any action to receive what is owed. Consumers with a current Discover card will receive a credit to his/her account. Consumers with closed Discover accounts will either receive a check by mail, or the restitution will be applied to any remaining balance on the card.

Beyond these refunds, additional enforcement actions require Discover to stop deceptive marketing, submit a compliance plan to both CFPB and FDIC for approval and submit to an independent audit.

As with CFPB's similar enforcement action against Capital One, penalty fees will also be applied. Discover will split a $14 million penalty between the U.S. Treasury Department and the CFPB's Civil Penalty Fund.

Earlier this year, CFPB's first enforcement action against Capital One found similar deceptive tactics in selling credit card add-on services. As a result, Capital One agreed to refund $140 million to 2 million Capital One customers. An additional $25 million penalty was also assessed.

These two enforcement actions combined represent $340 million in consumer restitution and $39 million in penalties.

With this volume of refunds, consumers would also be well-advised to be on the lookout for scammers claiming they will provide a refund. Further CFPB urges consumers to advise the Bureau of those who try to charge for a refund, ask that funds be sent to a third party, or solicit personal information to receive funds due. Suspected scams should be reported to CFPB's toll-free number, 855-411-CFPB.

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