



MARYLAND COMMISSIONER OF FINANCIAL REGULATION

CONSUMER ADVISORY



June 8, 2022

NOTICE TO CONSUMERS: COURT DECISION ON SO-CALLED “CONVENIENCE FEES” (Fees For Loan Payments Might Not Be Collectable)

This advisory is to notify consumers about a recent decision issued by the U.S. Court of Appeals for the Fourth Circuit in *Ashly Alexander, et. al. v. Carrington Mortgage Services, LLC*, Case No. 20-2359 (4th Circuit, January 19, 2022). *Carrington*, as the case is commonly called, resolved a significant issue under Maryland law that will affect consumer borrowers under all types of consumer loans including loans such as mortgage loans, auto loans, personal loans, and credit cards. In that case, the Court ruled that lenders and servicers are prohibited from collecting fees on any form of loan payment (so called “convenience fees”) if the fees are not specifically contained in your loan documents. That means that a lender or servicer may only charge you a convenience fee if the fee is specified in your loan documents. If your loan documents do not authorize the lender or servicer to charge a fee relating to a loan payment, they may not do so; even if they are offering you a “convenient” alternative form or payment or one that will let you avoid paying a late fee. Further, attempts by a lender or servicer to circumvent this fee restriction by directing you to a payment method associated with the lender or servicer that collects a fee to make your payment could also be deemed a violation of Maryland law.

Important Note: While this decision benefits Maryland consumers by eliminating convenience fees not authorized in their loan documents, lenders or servicers could stop providing their “convenience” payment options for which they previously charged a fee. For example, if you have relied on last minute payment options such as credit card or a direct debit from your account to avoid incurring late fees due to your late payment, you should immediately contact your lender to confirm that they will continue offering such payment options. If you do not prepare for the possible changes and fail to make your payments timely, you may incur late payment fees and other consequences for late payments. Please know your payment options and prepare accordingly.

If you believe your lender or servicer has charged you illegal fees relating to your loan payments, you should contact them to seek a refund. If you have requested a refund but been refused or your lender or servicer has not responded to your request, you can contact our Office by email at DLFRCComplaints-LABOR@maryland.gov or by phone at 410-230-6077 to file a complaint.

The Office of the Commissioner of Financial Regulation, a division of the Maryland Department of Labor, is Maryland's consumer financial protection agency and financial services regulator. For more information, please visit our website at www.labor.maryland.gov/finance.



Office of the Commissioner of Financial Regulation

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