

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 825 (Limón) – As Amended March 24, 2025

Policy Committee: Banking and Finance

Vote: 7 - 1

Urgency: No

State Mandated Local Program: No

Reimbursable: No

**SUMMARY:**

This bill specifies Department of Financial Protection and Innovation's (DFPI's) authority under the California Consumer Financial Protection Law (CCFPL) to take enforcement action against certain DFPI licensees engaging in unfair, deceptive, and abusive acts and practices (UDAAP).

**FISCAL EFFECT:**

Absorbable costs to DFPI.

**COMMENTS:**

1) **Purpose.** According to the author:

With recent changes to the Consumer Financial Protection Bureau (CFPB), the sole federal agency tasked with enforcement of consumer financial protection laws, consumers will be left with less protections and fewer resources to help them navigate the financial marketplace. SB 825 authorizes DFPI to enforce state consumer financial protection laws over entities they currently regulate, including state banks, state credit unions, independent mortgage companies, nonbank lenders, and payment service providers.

2) **Background. CCFPL.** AB 1864 (Limon), Chapter 157, Statutes of 2020, established the CCFPL, granting DFPI broad authority to regulate the provision of consumer financial products and services within the state, including providers not licensed by DFPI. Among other provisions, the CCFPL prohibits a covered person or service provider from engaging in UDAAP with respect to consumer financial products or services and authorizes DFPI to take specified enforcement actions and seek relief. However, the procedural requirements to bring such an action differ based on the licensing status of the person who allegedly violated the law. For certain licensees, DFPI must consult with the CFPB regarding the enforcement action and allow the CFPB to intervene in the action, as required under the federal Consumer Financial Protection Act (CFPA). However, DFPI may bring an enforcement action against a non-licensed person without coordination with the CFPB.

**Shifting CFPB Priorities.** Notably, the CCFPL exempts specified categories of DFPI licensees from the CCFPL's scope, including mortgage loan originators, finance lenders, and investment advisors. Thus, under the CCFPL, DFPI must consult with the CFPB to take

enforcement action against these DFPI licensees. In February 2025, CFPB employees received a stop work order and President Trump has indicated he intends to dismantle the CFPB and deprioritize regulation of financial institutions. In light of the evolving federal landscape, this bill specifies the authority of DFPI to take sole enforcement action against licensees that engage in UDAAP under the CCFPL.

- 3) **Support and Opposition.** This bill is co-sponsored by the Consumer Federation of California, California Low-Income Consumer Coalition, National Consumer Law Center, and Center for Responsible Lending, which argue this bill will “clarify and underscore the authority of [DFPI] to enforce consumer financial protection laws” and “bring basic parity to California’s regulation of financial products and services.” This bill is also supported by other consumer groups, economic development organizations, and small business associations.

This bill is opposed by a coalition of financial industry providers, led by the California Bankers Association, which argues:

SB 825 upends the compromise reached in 2020 that resulted in passage of the [CCFPL]. We believe now, as we did then, that expanding the DFPI’s authority to enforce UDAAP claims is unnecessary and redundant of both the existing authority of the Attorney General and the Department’s own enforcement powers with respect to its licensees.

- 4) **Related Legislation.** SB 362 (Grayson) prohibits a commercial financing provider from using certain terms in a deceptive manner and specifies enforcement authority under the California Financing Law or CCFPL. SB 362 is pending hearing in this committee.

**Analysis Prepared by:** Irene Ho / APPR. / (916) 319-2081